

# BUSINESS WEEK

Wages  
CAN THEY BE  
STABILIZED?  
PAGE 19



Neil H. McElroy: Another P & G product is management men (page 31)

NOV 4 1950



$\frac{1}{2}$ -ton 6 $\frac{1}{2}$ -foot pick-up— $\frac{3}{4}$ -ton and 1-ton 8-foot pick-ups are also available

## First trucks to offer you gas-saving overdrive\*

**M**AKE sure of long-lasting, long-range operating economy! Get Studebaker's thrift-assuring overdrive transmission, if you are thinking about buying a new half ton or three-quarter ton truck.

This revolutionary Studebaker forward step in truck engineering is extra cost—but it starts paying its way right away in extra thrift.

First trucks to offer gas-saving, engine-saving overdrive, these husky new Studebakers are also first with real "lift-the-hood" accessibility to

engine—ignition—and instrument panel wiring!

They're America's first trucks, too, with variable-ratio extra leverage steering for easier turn-arounds and parking—first trucks with a twist-resisting K-member frame up front.

Get a full measure of value for your money. Stop in and see the new Studebaker trucks.

## STUDEBAKER TRUCKS

*Noted for low cost operation*

\*Optional at extra cost on  $\frac{1}{2}$ -ton and 1-ton models



**Sizes and wheelbases for hundreds of hauling needs!** Studebaker trucks come in  $\frac{1}{2}$ ,  $\frac{3}{4}$ , 1, 1 $\frac{1}{2}$  and 2 ton models. Two great truck engines—the high efficiency Econ-o-miser—and the high-torque Power Plus



**Amazing all-weather comfort!** Studebaker's Truck Climatizer, available at extra cost, thoroughly heats and ventilates the roomy cab. Window wings and foot-controlled floor ventilators are standard.



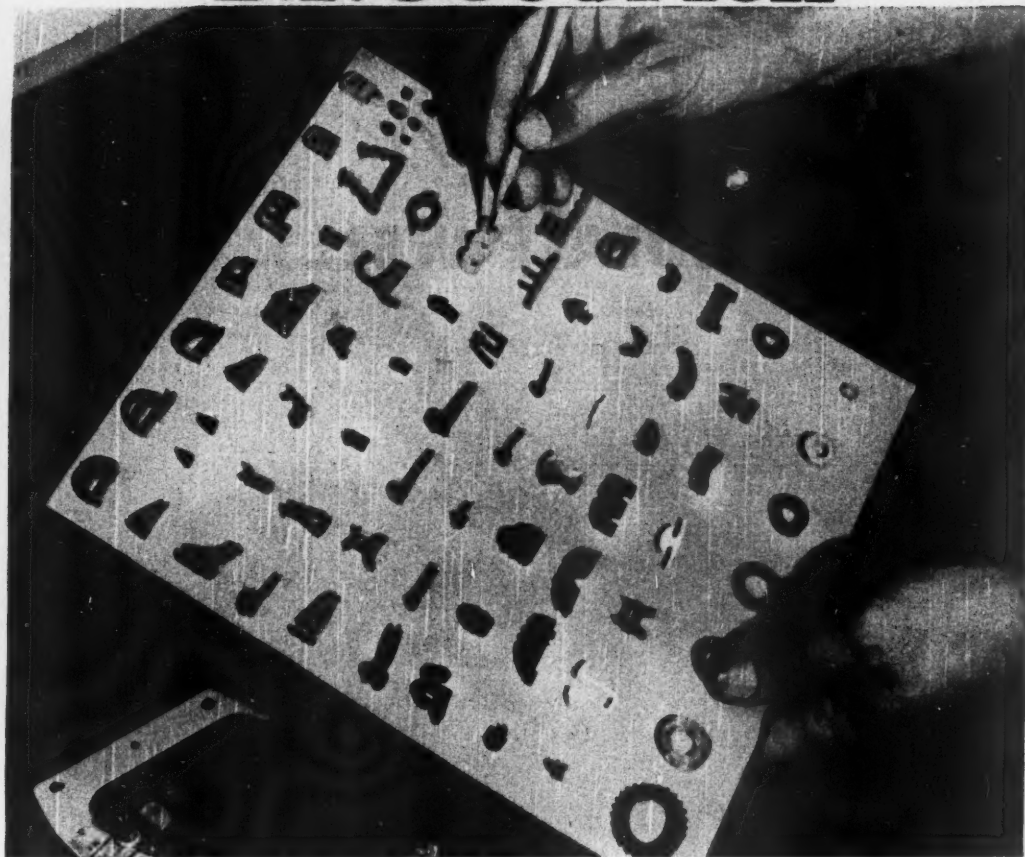
**Low cab floor and enclosed safety steps**—automatic door stops and tight-gripping rotary door latches, too. Two arm rests and sun visors. Dual windshield wipers. Metal-lined doors and dash compartment.



**Big-visibility windshield, side windows and rear window!** Powerful brakes and rugged, easy-riding springs. Automatic spark control includes gas-knock eliminator. © Studebaker, South Bend 27, Indiana, U.S.A.



# B.F. Goodrich



## Look what you can squeeze out of Koroseal

### *A typical example of B. F. Goodrich product improvement*

THOSE 3 circles on the board represent a new way to air condition rooms via hose . . . another is a carpet sweeper bumper that stays soft and protective . . . one is upholstery welting that stays flexible longer . . . a refrigerator door seal made with extreme precision . . . everything on that board represents a new or better product made possible by the special qualities of Koroseal flexible material.

How many other things can it do? You business men with product problems can probably think of even

more ways to use it than we can.

Koroseal flexible material can be made in dozens—even hundreds—of forms: sheets, films, coatings, tubes or special shapes, any thickness or size, can be laminated to paper, cloth, foil, may have a high-gloss finish or pattern or "grain". Can be sealed with heat.

In most forms it even resists flame—will burn only while actually held in flame, goes out when flame is removed.

It's waterproof, easy to clean in furniture upholstery, bus seats, truck or car seats. Most dirt comes off with a

swish of a damp cloth. Or you can use soap and water as often as you wish. It's nearly scuffproof, looks like new long after others would be scratched and worn.

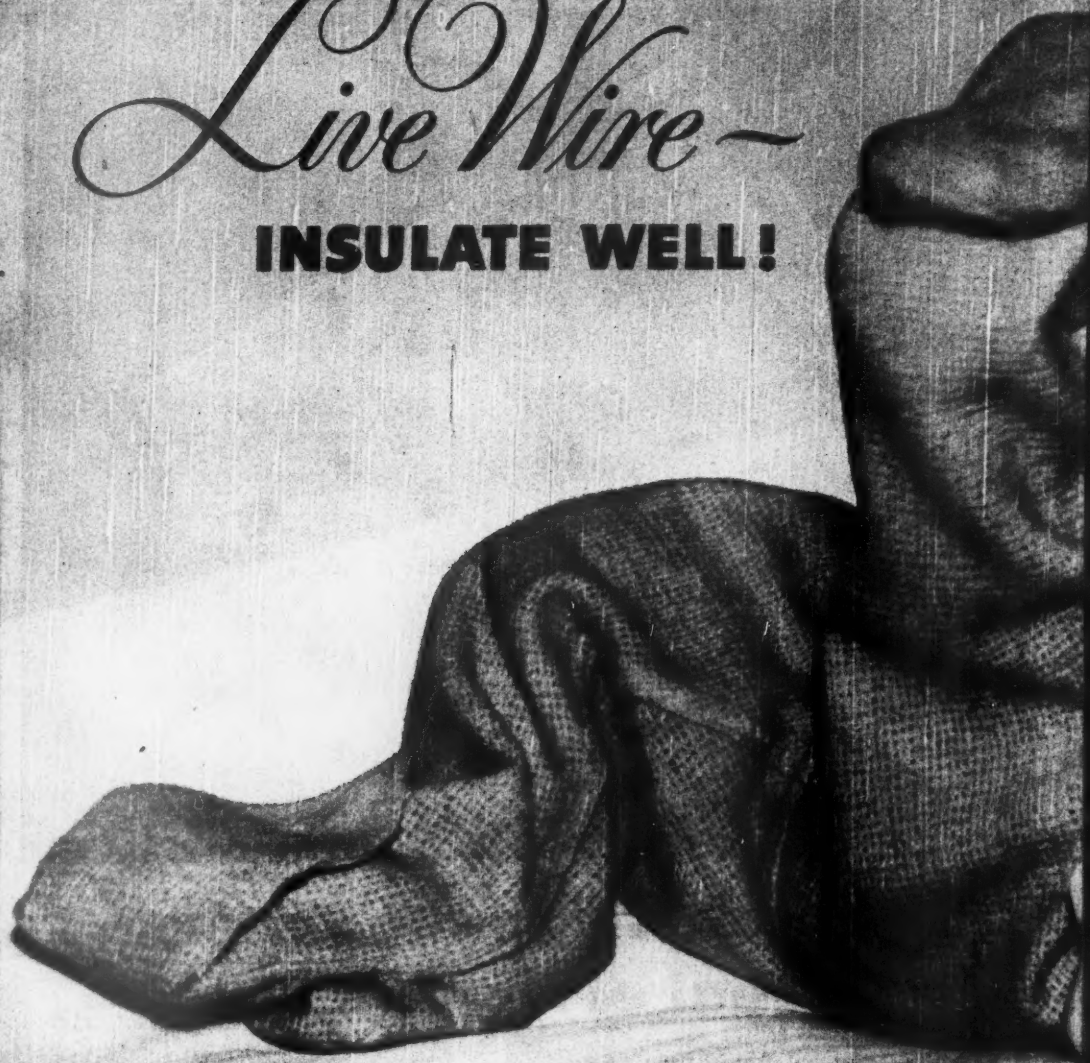
If these qualities would add to your product's value and salability (they have done just that for scores of others) write *The B. F. Goodrich Company, Koroseal Sales Department, Marietta, Ohio.*

Koroseal—Trade Mark—Reg. U. S. Pat. Off.

**B.F. Goodrich**  
*Koroseal Flexible Materials*

# Live Wire—

## INSULATE WELL!



Improved A-C Equipment Like This Aids Progress of Textile Industry . . .



**Texrope V-belt drives** provide the cleanliness, smooth starting and close speed control necessary for textile mill service. Multiple V-belt drives are another Allis-Chalmers first.

*Texrope and Quick-Clean are Allis-Chalmers trademarks.*

**Lint won't collect** in *Quick-Clean* textile motors. It blows right through! Special design practically eliminates motor cleaning. Typical of how A-C meets industry's special motor needs.



**Long life starters** by A-C are made to match *Quick-Clean* textile motors. In fact, there's a type and size control in Allis-Chalmers' line for practically every electrical drive.

**PROSPER in POWER!**

America's strength, prosperity and good living have been paced by rapidly expanding generation and utilization of electric power.

**W**HO'S AFRAID of the big, bad weather?  
Not you, little lady—you're mighty  
lucky—

And so's your mother and dad!

Modern textile industry clothes you in new  
miracle fabrics—lightweight, long-wearing,  
easily cared for, hard to hurt.

You're warm in winter, cool in summer,  
dry and comfortable when it rains—sporty  
or formal as is fitting every season or occasion.

Try on a new dress or suit of cotton, wool,  
rayon, nylon—or any mixture that you like.

Chances are Allis-Chalmers helped make it  
for you. This big machinery company con-  
tributes to textile development progress—  
in the mills with motors, speed controls and  
famous *Texrope* V-belt drives . . . in textile  
research laboratories and clothing manufac-  
turing plants.

There's hardly a thing you wear, use or  
enjoy that isn't processed at some point by  
Allis-Chalmers machines and equipment!

ALLIS-CHALMERS MANUFACTURING COMPANY  
901 South 70th Street, Milwaukee 1, Wisconsin

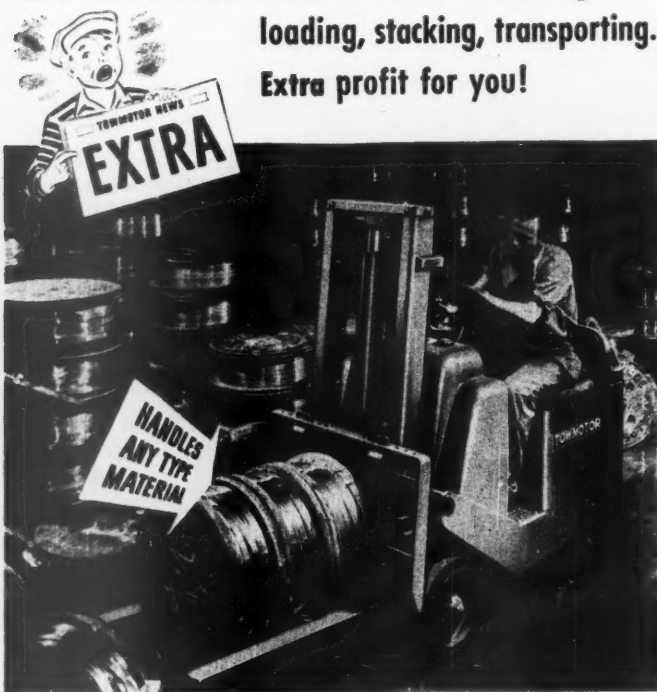
*Photo by Courtesy of Blankette Corp.*

# ALLIS-CHALMERS



One of the Big 3 in Electric Power Equipment—  
Biggest of All in Range of Industrial Products

**Extra help on toughest Mass Handling jobs.  
Extra man-hours saved. Extra fast moving,  
loading, stacking, transporting.  
Extra profit for you!**



It will cost you nothing extra to learn how Towmotor Mass Handling makes every materials handling job easier, faster, safer. For complete information, write for your copy of "Handling Materials Illustrated." Towmotor Corporation, Division 2, 1226 E. 152nd St., Cleveland 10, Ohio. Representatives in all Principal Cities in U. S. and Canada.



Arrange now for a private showing of this 30-minute sound movie on Materials Handling. See how Towmotor effects startling reductions in production costs. Ask for complete details at no obligation.



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**BUSINESS WEEK • Nov. 4, 1950**





## HOW A CHANGE OF TOOLS SAVED TIME IN ASSEMBLING FAUCETS

### AN ADAPTATION OF KELLER AIR TOOLS

Running chrome packing nuts on a water faucet presents two problems: 1) nuts must be tightly set, and 2) socket and nut must be lined up perfectly at engagement to prevent damage to the chrome finish.

On one assembly line, operators using a power nut setter to run nuts over the valve stem found that valves often unscrewed, preventing the nut from run-

ning down to proper tightness.

This made it necessary to remove the nut setter, run down the valve stem by hand, reposition the nut setter, and then run the nut down tight.

As the socket was face down, engaging the socket and nut without marring the chrome was also a problem.

Application of a Keller Ratchet Wrench with a special spring

clip eliminated the time lost in retightening the valve, and kept the finish intact. As the Ratchet Wrench ran the nut down, the spring clip pressed on the valve stem with enough tension to keep the valve from unscrewing. Visibility through the open socket made accurate engagement easy.

If you have a time-consuming production problem, we invite you to consult Keller engineers. Their recommendations will help you.



*Air Tools engineered to industry*

**KELLER TOOL COMPANY, GRAND HAVEN, MICH.**

AIR MOTORS • AIR HOISTS • AIR HAMMERS • COMPRESSION RIVETERS • GRINDERS • DRILLS • SCREW DRIVERS • NUT SETTERS





## It keeps the punt in the pigskin

THE rubber inside a football takes quite a beating from the size 11 shoes of a fullback. Yet a chemical helps this rubber keep its bounce.

Rubber manufacturers, more and more, are using Wyandotte's Purecal® in their compounds. It increases tear resistance and lowers costs for products from football bladders to inner tubes, from hot water bottles to hospital sheeting. Purecal improves flex life. It shortens cures. It reduces compound costs. And because Purecal is white the finished products can be any color.

Wyandotte Purecal is the purest calcium carbonate in the world. It's made by a *unique precipitation method* which removes all the abrasive and discoloring impurities found in ordinary calcium carbonates.

Careful control of the reaction produces a particle size to fit the requirements of every customer.

Paper manufacturers look to Purecal to add unusual whiteness, brightness and opacity to fine coated papers. Paint and ink manufacturers find that Purecal lowers costs, produces clear, sharp colors. In baking powders Purecal adds vital calcium, helps retain vitamins. And Purecal's freedom from abrasives makes it an ideal polishing agent for dentifrices or fine metal polishes.

If your business is rubber, paint or ink, paper or food, ask our Technical Service Department how Purecal can raise your profit margin. Write, today.

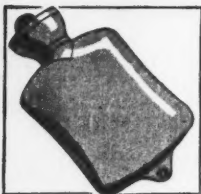
### Wyandotte Chemicals Corporation

Wyandotte, Mich. • Offices in Principal Cities

® Trade-mark

#### ORGANIC AND INORGANIC CHEMICALS

Wyandotte Chemicals Corporation is one of the world's major producers of soda ash, caustic soda, bicarbonate of soda, chlorine, dry ice and calcium carbonate. Wyandotte produces glycols and related compounds, certain aromatic sulfonic acid derivatives and other organic intermediates. Wyandotte is also the world's largest manufacturer of specialized cleaning compounds for business and industry.



## Highlights In This Issue

### Too Hot to Freeze

- Wage increases are popping right and left while Washington vaguely talks of voluntary stabilization. P. 19

### Who's Last in Line?

- Industry wonders what to do about foreign orders for goods that are now getting scarce. P. 21

### What Worries Marketing Men?

- Mostly the uncertainties that come up as business switches from a buyers' market to a new sellers' market in many lines. P. 43

### Spread Work, Spread Risk

- General Electric parcels out the work on its J-47 jet engine to 280 subcontractors and suppliers. Bombing wouldn't stop production. P. 61

### Back in the Black

- New taxes promise to give the government a cash surplus for a while—instead of the deficit Truman had predicted. But spending is going to catch up. P. 100

### Deadlock on Germany

- U.S. and France split on mobilizing German industry and manpower. Paris won't budge until Bonn government accepts the Schuman Plan. P. 137

### Rush for New Money

- Wall Street gets ready for a flood of new financing as business steps up its capital spending plans. P. 108

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## bearing down on beans

Brother Bruin might squeeze a mess of oil from soybeans, but he'd never do the job our hexane does.

Yes, hexane—it's a solvent we take from natural gas. Hexane dissolves just about all the available oils from beans, seeds, nuts, animal fat and so on. These oils make shortening, baby food and many other useful things, among them paint and plastics. Cows lick their chops, too, for the high-protein cattle feed Phillips hexane leaves free of foreign taste or odor.

When you need sound advice on solvents, write us. We happen to be the world's largest producer of hexane. K. S. Adams, President, Phillips Petroleum Company, Bartlesville, Oklahoma.



**PHILLIPS PETROLEUM COMPANY**

Bartlesville, Oklahoma

**WE PUT THE POWER OF PETROLEUM AT YOUR SERVICE**



INDUSTRIAL EYE ACCIDENT COSTS UP 78½% SINCE 1939

*Production Goes Up...*

*Operating Costs Go Down ..*

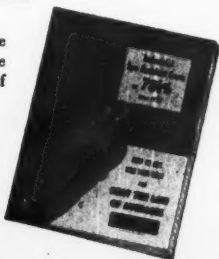
**when you eliminate High Eye Accident Costs  
from what you make and sell**

High eye accident costs can affect your operations adversely two ways: (1) They represent an unnecessary cost that inflates your selling price and hence cuts your volume. (2) They lower efficiency through increased unproductive time, idle machine charges, replacing key men with substitutes and by impaired worker morale. All this in addition to the direct costs for first aid and medical care.

Yet unlike other high costs that plague man-

agement today—these can be cut. How? By establishing an AO Eye Protection Program which can pay for itself in less than six months' time. Your AO Safety Representative can prove with case histories that an AO Program works — that goggles costing about \$2.30 can save sums up to \$44,000 annually! Ask him to call.

Ask your secretary to write for the FREE booklet on how to cut high eye accident costs and Beat the Law of Averages.



Southbridge, Massachusetts • Branches in Principal Cities

# BUSINESS OUTLOOK

BUSINESS WEEK

NOVEMBER 4, 1950



1951 is the year when business seems sure to break the 1948 record for outlays on new plant and equipment.

That's the story told by a new sampling of businessmen's spending intentions now being made by Business Week. Even though only scattered returns have been tabulated so far, the outcome seems unmistakable. (The full story will appear in next week's issue, page 19.)

And this spending will be a big factor in shaping the business curve for early 1951. It will offset much of the dip in housing and autos.

Business outlays on new plant and equipment for the second half of 1950 apparently will be at an annual rate of \$20-billion.

So just maintaining the present rate next year would nose out 1948's \$19¼-billion.

But businessmen don't plan to stay at the late-1950 rate. They're going even faster next year—unless government controls and shortages slow them down.

Industry's spending on inventory will prevent much of a price dip.

Here's one reason: Industrial output now is more than 20% above a year ago. And inventories are up hardly at all; in fact, if you allow for price changes, stocks are lower than last year.

Thus, if supplies of raw materials were to become easier, industry probably would grab the stuff up just to restore working inventories.

One way the government could slip a Mickey to the prices of raw materials would be to limit civilian use without picking up the difference. But that isn't Washington's plan.

The idea is to cut civilian use so Uncle Sam can add the difference to stockpiles (page 16). Up to now, the stockpilers have had to bid against industry, helping to boost prices.

While government and industry bid for materials, there is no lack of consumer demand for end products (except where credit curbs pinch).

Dollar incomes continue to rise. The new wage boosts speed that (page 19). And the will to save has been weakened. Consumers want to buy what goods are available, and they're also afraid of the dollar's value.

This, too, works against any over-all decline in prices.

Exceptions to the price trend are likely to be rather few.

However, some imported products might drop. Many have had price rises that are beginning to look ridiculous.

Natural rubber is a notable example. Early this week, it was approaching 70¢ a lb. Synthetic, meanwhile, still sells at 18½¢, and Washington sees no reason to think it will go up.

Thus both the price and the controls over the use of natural rubber argue in favor of synthetic—and ultimately a price tumble for natural.

Coffee seems to be one of the imports suffering from its own high price.

Consumers apparently have backed away from tags just under \$1 a lb. Prices of green beans have retreated several cents from their high.

Sugar is another import whose price has been a bit easier. Steps to end

# BUSINESS OUTLOOK (Continued)

BUSINESS WEEK  
NOVEMBER 4, 1950

hoarding by guaranteeing an oversupply seem to have worked out well.

Demand for metals shows no signs of any letdown. In fact, even though we are on a net import basis for all the leading nonferrous metals, sales for export have been reported in lead and zinc at premiums.

Both metals have gone abroad at 1¢ to 2¢ a lb. over the market recently. These export sales were a factor in this week's markup of another 1¢ a lb. in the official price of lead.

Prices the last few days indicate that the recent sogginess in the market for cotton goods is over.

But not everything in textiles is rosy. Earlier overbuying in woolsens has caused some distress. And a rayon faille that recently brought 60¢ has slid to 47¢ without attracting much interest.

Demand is such that few will get hurt. But it is evident there has been speculation at gray goods, converter, and cutter levels.

Manufacturers generally report some easing up in new orders since the sensational rush of business in the summer.

The Dept. of Commerce's monthly summary finds that September orders were down a bit from August. And the National Assn. of Purchasing Agents reports the same trend continued last month.

In October, only about a third of the companies represented by the purchasing agents reported gains in new orders. In August, 80% were up.

Wheat exports, lagging sharply behind 1949, will rise when full-scale aid starts flowing to Yugoslavia to make up for this year's drought.

Through the first three months of the wheat season, we exported 51½-million bu., against 95-million in the like period a year ago.

Now Yugoslavia not only needs bread; feed grains have to be shipped if decimation of the country's livestock is to be prevented.

Poultry raisers have some fancy marketing problems. Egg production in September broke all records for the month. Prices were 12¢ a doz. under a year ago. And higher feed pinched the egg-feed price ratio.

But to sell pullets for meat, thus holding down egg production, didn't look good, either. Prices of both chicken and turkey are down.

Petroleum more than ever seems to hold the answer on benzene.

Heretofore, the petroleum process hasn't seemed economic (BW-Apr. 15 '50, p.72). But byproduct benzene from coke ovens has soared in price. And now Universal Oil Products says its platinum-catalyst or "platforming" process for upgrading gasoline can be used. And the price is seen as competitive.

The government is said to want to up benzene output 3,000 bbl. daily. Several platforming units, capable of 1,000 bbl. daily, are on the way.

Imports of residual fuel oil on the East Coast were under fire from all directions last winter. This year the oil will come in—and be welcome.

Last year, California had a big surplus. Stocks were shipped all the way to the East Coast. But there's no such surplus to draw on now. It has been burned fueling ships to Korea, among other things.





*Photograph by Harlan Murray*

## *Take a look at tomorrow's highway*

There's a great new era ahead in highway construction. You can see it in the famous Pennsylvania Turnpike, now being extended eastward to the outskirts of Philadelphia, westward to the Ohio border.

This modern "thru-way", a pioneer triumph of engineering for transportation safety, speed, comfort and convenience, stretches for 260 miles without a single stop light, crossing, sharp turn or noticeable grade. It is the nucleus of a vast super-highway transportation system that one day may link every section of the country.

Cyanamid blasting materials and the cooperation of Cyanamid explosives engineers have helped to telescope the work of years into months in moving "mountains" of earth and rock to make way for this huge project. Supplying explosives and assistance in their use for mining, quarrying and other purposes, as well as construction, is another of many Cyanamid services that are helping America build for the future.



**AMERICAN Cyanamid COMPANY**

30 ROCKEFELLER PLAZA, NEW YORK 20, N. Y.

*Materials for the explosives-using industries—Another of the services performed by Cyanamid*



## When you're Shopping for Production Aids— don't overlook this new one!

In the constant search for better, cheaper, faster ways to do production jobs, industry is finding a valuable ally in air—and a new efficient, economical way of providing the air, in "Y" compressors.

Just as individual motor drives supplanted the cumbersome old line shaft, these units take the place of the heavy machinery and the maze of piping of centralized air supply. A "Y" can be installed in each work area. Its capacity can be matched to the exact needs of the individual department assignment, rather than total plant demand. It works *whenever*

it's needed—and *only* when it's needed. Furthermore the "Y" is safeguarded by special exclusive "engineered" features that protect it against damage from neglect.

The "Y" has automotive-type pressure lubrication, that bathes each moving part in a continuous flow of oil. The compressor will not deliver air until the flow is established. If the oil level is low, this refusal calls immediate attention to the trouble, which can be remedied before damage results.

For more facts, ask for Bulletin IDC 9302-3.

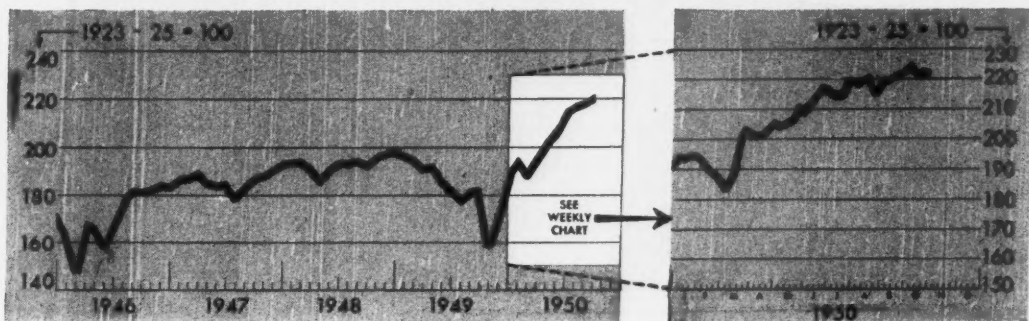
# Westinghouse Air Brake Co.



Industrial Products Division . . . WILMERDING, PA.

DISTRIBUTORS THROUGHOUT THE UNITED STATES . . . CONSULT YOUR CLASSIFIED DIRECTORY

# FIGURES OF THE WEEK



## Business Week Index (above) . . . . .

### PRODUCTION

|   | \$ Latest Week | Preceding Week | Month Ago | Year Ago | 1947 Average |
|---|----------------|----------------|-----------|----------|--------------|
| Steel ingot operations (% of capacity).....                                   | 102.4          | 102.6          | 101.2     | 8.8      | 97.3         |
| Production of automobiles and trucks.....                                     | 187,525        | 188,323        | 187,030   | 137,651  | 98,236       |
| Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)..... | \$35,928       | \$39,605       | \$41,309  | \$23,792 | \$19,433     |
| Electric power output (million kilowatt-hours).....                           | 6,563          | 6,503          | 6,503     | 5,433    | 3,130        |
| Crude oil and condensate (daily average, 1,000 bbls.).....                    | 5,895          | 5,902          | 5,903     | 5,075    | 3,842        |
| Bituminous coal (daily average, 1,000 tons).....                              | 1,958          | 1,917          | 1,902     | 412      | 1,685        |

### TRADE

|   |          |          |          |          |         |
|---|----------|----------|----------|----------|---------|
| Miscellaneous and L.C. carloadings (daily average, 1,000 cars).....   | 86       | 85       | 82       | 68       | 86      |
| All other carloadings (daily average, 1,000 cars).....                | 63       | 63       | 63       | 30       | 52      |
| Money in circulation (millions).....                                  | \$27,121 | \$27,228 | \$27,060 | \$27,328 | \$9,613 |
| Department store sales (change from same week of preceding year)..... | +3%      | +11%     | +10%     | -14%     | +17%    |
| Business failures (Dun & Bradstreet, number).....                     | 160      | 165      | 148      | 221      | 228     |

### PRICES (Average for the week)

|   |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|
| Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100), Sept. . . . . | 173.0   | 169.6   | 105.2   |         |         |
| Spot commodities, daily index (Moody's, Dec. 31, 1931 = 100).....                 | 469.9   | 466.6   | 462.9   | 339.7   | 198.1   |
| Industrial raw materials, daily index (U. S. BLS, Aug., 1939 = 100).....          | 322.0   | 317.9   | 309.5   | 224.8   | 138.5   |
| Domestic farm products, daily index (U. S. BLS, Aug., 1939 = 100).....            | 348.7   | 348.0   | 346.5   | 292.8   | 146.6   |
| Finished steel composite (Iron Age, lb.).....                                     | 3.837¢  | 3.837¢  | 3.837¢  | 3.705¢  | 2.396¢  |
| Scrap steel composite (Iron Age, ton).....  | \$40.67 | \$40.67 | \$40.67 | \$27.58 | \$19.48 |
| Copper (electrolytic, Connecticut Valley, lb.).....                               | 24.500¢ | 24.500¢ | 23.925¢ | 18.281¢ | 12.022¢ |
| Wheat (No. 2, hard winter, Kansas City, bu.).....                                 | \$2.20  | \$2.13  | \$2.20  | \$2.18  | \$0.99  |
| Sugar, daily price (raw, delivered New York, lb.).....                            | 6.20¢   | 6.22¢   | 6.25¢   | 6.01¢   | 3.38¢   |
| Cotton, daily price (middling, ten designated markets, lb.).....                  | 40.32¢  | 39.33¢  | 40.46¢  | 29.75¢  | 13.94¢  |
| Wool tops (Boston, lb.).....  | \$3.10  | \$3.10  | \$3.10  | \$1.90  | \$1.41  |
| Rubber, daily price (ribbed smoked sheets, New York, lb.).....                    | 66.10¢  | 63.25¢  | 53.00¢  | 16.39¢  | 22.16¢  |

### FINANCE

|  |        |        |        |        |       |
|--|--------|--------|--------|--------|-------|
| 90 stocks, price index (Standard & Poor's Corp.).....                    | 156.0  | 158.9  | 156.0  | 128.3  | 78.0  |
| Medium grade corporate bond yield (Baa issues, Moody's).....             | 3.23%  | 3.22%  | 3.22%  | 3.36%  | 4.33% |
| High grade corporate bond yield (Aaa issues, Moody's).....               | 2.68%  | 2.68%  | 2.66%  | 2.61%  | 2.77% |
| Call loans renewal rate, N. Y. Stock Exchange (daily average).....       | 11-11% | 11-11% | 11-11% | 11-11% | 1.00% |
| Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)..... | 11-11% | 11-11% | 11-11% | 11%    | 1-1%  |

### BANKING (Millions of dollars)

|  |        |        |        |        |          |
|--|--------|--------|--------|--------|----------|
| Demand deposits adjusted, reporting member banks.....                          | 49,891 | 49,339 | 49,238 | 47,341 | †127,777 |
| Total loans and investments, reporting member banks.....                       | 69,230 | 68,841 | 68,779 | 66,772 | †132,309 |
| Commercial and agricultural loans, reporting member banks.....                 | 16,322 | 16,147 | 15,725 | 13,680 | †16,963  |
| Securities loans, reporting member banks.....                                  | 2,136  | 2,063  | 2,205  | 1,884  | †1,038   |
| U. S. gov't and gov't guaranteed obligations held, reporting member banks..... | 33,729 | 33,580 | 33,845 | 37,838 | †15,999  |
| Other securities held, reporting member banks.....                             | 6,363  | 6,439  | 6,420  | 5,013  | †14,303  |
| Excess reserves, all member banks.....   | 740    | 1,330  | 860    | 784    | 5,290    |
| Total federal reserve credit outstanding.....                                  | 19,753 | 20,426 | 20,075 | 17,833 | 2,265    |

\*Preliminary, week ended Oct. 28.

††Estimate (BW—Jul.12'47,p16).

†Revised.

BDate for "Latest Week" on each series on request.



## "AN OPERATION? I CAN'T AFFORD IT!"

"An operation? Weeks, maybe months, in the hospital? Doctor, that's going to cost me thousands of dollars, and I simply haven't got that kind of money!"

You and your business associates might face this tough problem at any time. People who earn good salaries (but pay high taxes and living expenses) often find themselves worse off than lower paid employees when serious illness or injury strikes. Most companies buy group insurance. This is adequate for most employees. But when serious disability continues for months...when medical and hospital bills mount up at the rates which persons of higher incomes are expected to pay...there's a need for group insurance protection which goes beyond the regular policy.

To help business executives meet personal disaster of this sort, Liberty Mutual has led the way with a new group plan called Personal Medical Disaster insurance. For any one non-occupational illness or injury, after deducting the first \$300 of expense we pay 75% of the remaining expense up to \$5,000. This covers medical, surgical and hospital bills, including nursing, X-ray, laboratory charges, drugs, anaesthesia and all therapeutic services and supplies. Most employers already have existing group plans to cover the first \$300 not covered by our policy. Because of the \$300 deductible feature, and because the remaining expense is split 75-25 with employees, the cost of our plan is moderate.

Personal Medical Disaster insurance can also cover dependents.

We'll gladly send you a booklet describing our new group plan, "How to Insure Against the Cost of Personal Medical Disaster." Please write Liberty Mutual, Group Accident and Health Department, 175 Berkeley Street, Boston 17, Massachusetts. (On the Pacific Coast, 216 Pine Street, San Francisco 4, California.)

  
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# WASHINGTON OUTLOOK

WASHINGTON  
BUREAU  
NOV. 4, 1950



**Inflation will only be slowed—not stopped—by government controls.** That's the conclusion reached this week by Truman's own economists after some powwows on business prospects for the 12 months ahead.

**A boom is forecast**, of course. But there won't be smooth sailing for all. Material and manpower shortages will force production cuts in some lines, while others surge ahead on military and essential civilian orders. Prices and wages will push on up, making higher living and business costs.

Here are the highlights, as seen by the government analysts:

•  
**The current leveling-out in living costs is temporary**—sort of a breather for a couple months or so.

**What's happening** is that seasonal drops in food are partly offsetting other retail rises. The result is that the Bureau of Labor Statistics' index is climbing less rapidly. But this is no reversal of the broad trend. The direction still is up.

**Another upswing in living costs is foreseen**, starting early next year. Meat takes a seasonal rise in the winter—and it's a major item in living costs. Also, industrial price rises will have worked their way to the retail level by then.

**To sum up:** The cost-of-living index this month will ease itself over the 1948 peak of 174.5, then hop up 10 points by next midyear.

**That's not runaway inflation.** Credit curbs and taxes will be a brake on rising prices; and they will be beefed up later with wage-price control. But it's still substantial inflation—enough by the government's own figures to drive your dollar's purchasing power down to an all-time low.

•  
**Consumers' pockets will bulge with cash.** By the third quarter of 1951, spending money (income after taxes) will hit an estimated annual rate of \$220-billion. That's up nearly 10% from this year's third-quarter rate. And it's more than enough to cover the goods and services still available.

**Consumers will spend less for durables.** It looks like the annual rate will be \$25-billion by the third quarter of 1951, against this year's \$31-billion third-quarter rate.

**Spending for soft goods and services will rise.** The third-quarter rate for next year is expected to hit close to \$180-billion, against this year's \$164-billion in the third quarter. Luxuries will boom.

**A spurt is foreseen in savings.** Currently, people are saving at an annual rate of \$8-billion-plus. The rate a year from now is forecast as high as \$18-billion. That's getting back toward the old wartime levels; it will create a backlog for future buying when the defense pinch eases.

•  
**Corporation profits** will share in the general rise, though estimates for 1951 aren't firm. The most generally used figure is in the neighborhood of \$45-billion before taxes (this year's estimate is \$36-billion). That probably would be high enough to meet rising taxes and capital-expansion demands and still allow present dividend rates.

**The pinch on manpower** is a subject of considerable dispute at this



# WASHINGTON OUTLOOK (Continued)

WASHINGTON  
BUREAU  
NOV. 4, 1950

time. Truman says that the military force will be doubled from June this year to June next year—raised from 1.5-million to 3-million men; his figures are questioned on all sides, however. They're considered too high.

**Additions to the military** are expected to run about 1.1-million men in the 12 months ending next June 30. This would lift total military manpower to 2.6-million.

**Extra needs for defense and essential civilian production** are figured at around 3-million men and women. This, coupled with the 1.1-million direct military demand, adds up to a total of 4.1-million in additional manpower requirements.

**The extra can be met.** Washington figures it this way: Plentiful jobs at high pay will put 1.7-million housewives and oldsters to work. Another 1.5-million will come from the unemployed (page 121). The 900,000 deficit will have to be made up by cutting civilian output to free workers.

**The forecasters duck the question of civilian cutbacks.** Their explanation is this: The military still has no firm estimates on its needs for metals; and until it comes up with these, the impact of defense on civilian output can only be guessed. And the current guesses, hedged with many "ifs," are:

By next fall, durables will shrink one-sixth. That's not drastic.

•  
**First cuts in civilian production** will result from conservation orders on metals—aluminum, copper, nickel. These are expected almost any day.

**The makers of autos, appliances, and other durables** will be nicked. They will have to shrink consumption 20% to 30%. So a gradual drop in output from the recent high levels is coming.

**This diversion is not for military orders.** The No. 1 objective is to cut consumption so that the government can build its lagging stockpiles.

•  
**The government's expansion offer to aluminum makers** is being drawn and calls for a 70% hike in capacity to 2.4-billion lb. The terms:


- A guaranteed market for five years for the new production.
- Five-year amortization (write-off of investment against taxes.)

**No government loan is involved.** The hope is that the guaranteed market, plus quick amortization, will attract private capital to finance this part of what may eventually turn into a 2-billion-lb. capacity expansion.

**Extra aluminum capacity is to be shared among producers** in a 3-3-3-1 ratio—30% Alcoa, 30% Kaiser, 30% Reynolds, and 10% between Harvey Machine and Apex Smelting. The result will be to build up the small producers relative to Alcoa. You will see the same thing in other expansions—this policy of Washington-induced competition.

•  
**Controls:** Note NPA's backdown on construction. It has assured builders that future cuts won't stop construction under way. Meantime, the Federal Reserve Board is under rising pressure to relax installment-credit curbs, which are pinching sales.

Washington is wondering if it can push defense as fast as planned, now that the war fear is diminishing. You hear a lot of talk now that the pace may have to be slowed, to guarantee public acceptance.



## There's a lot of **MILEAGE** in a ton of coal

Supplying both the civilian and military needs of this "nation on wheels" calls for the staggering total of 76 million tires a year! And they range from "pint-size" tires for your automobile to huge, heavy-treaded shoes for the tank-hauling Army truck in this photograph.

Making all this tough, long-wearing rubber—both synthetic and natural—takes plenty of low-cost heat and power. And most of that heat and power is produced from coal. Tire manufacture alone will take almost two million tons of coal this year.

The rubber industry and other vital defense industries, such as steel, railroads, chemicals and public utilities, need and get coals of particular kinds and grades. To supply them—and all coal customers—with a constantly improved product, the nation's progressive coal operators have built huge, modern coal preparation plants. The result? Increasingly *more* heat and *more* power from each ton of coal!

Yes, when it comes to meeting today's demands for fuel, coal is in a class by itself. For, alone among fuels, coal is available in virtually limitless quantities. And, thanks to enormous investments in new mine properties, research and mechanized equipment, the coal industry is better prepared right now than at any time in history to meet the increased demands of national defense!

Business-managed coal companies, using private capital in the time-tested American way, have brought this country's coal industry to the highest peak of productive capacity the world has ever seen. Granted a continuing supply of essential equipment, transportation, and the full use of its trained, skilled man power, the industry will produce all the coal the nation may need—in peace . . . or in war.

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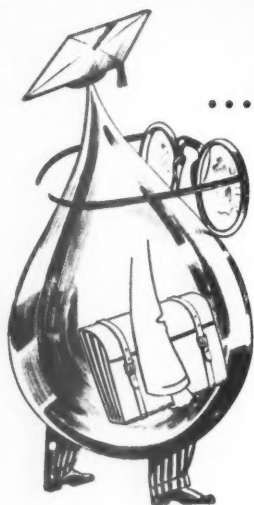
A DEPARTMENT OF NATIONAL COAL ASSOCIATION  
WASHINGTON, D. C.

*Photo by Eugene Fridusa taken  
at Aberdeen Proving Ground.*

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Texaco is the leading supplier among oil companies, in many industries. For example . . . in aviation, more revenue airline miles are lubricated with Texaco than with any other brand. In public transportation — more revenue airline miles, more buses, more Diesel electric and steam locomotives in the U.S. are lubricated with Texaco than with any other brand.

For further details call or write the nearest Texaco Wholesale Distributing Plant or The Texas Company, 135 East 42nd St., New York 17, N. Y.



## The Texas Company

More than 2000 Texaco Wholesale Distributing Plants  
in all 48 States — to serve all your plants.

## Wage Curbs Coming—But Not Today

- Pay hikes this fall have killed off any hope for making voluntary stabilization work.
- Still Washington feels it can't slam on the brakes now, will probably wait till present round is over.
- It's still a tossup what wage-control formula will be used—cost-of-living or Little Steel.

On June 4, 1942, Chairman William H. Davis told his colleagues on the War Labor Board: "It is a fact that this voluntary wage increase business is going to kick the bottom out of the bucket. There is no doubt about that." Four months later the first statutory controls over voluntary wage increases were in effect.

Take a look at the price-wage picture today, and you find that the U. S. stands in much the same position that it did in 1942 when Davis made his prediction. (There is this big difference, though: This time the stepped-up armament program has been running less than four months; in 1942, it had been going for two years.)

• **Forlorn Hope**—Washington is still talking of setting up a system of voluntary stabilization. But the upward surge of prices and wages has already built up so much momentum that voluntary restraint is a lost hope. And with each day that goes by, the problem of stopping the spiral—even by compulsion—gets tougher and more complicated.

One fact stands out plainly from the record of the past few months: Wages have been going up faster than prices. This means labor is ahead of the game so far. It means that higher labor costs and still higher prices are in the making. In other words, a second round is already aborning.

• **First Round**—The first round, however, is not yet complete. The wage raises of recent months have distorted long-standing relationships, created inequities. These will have to be ironed out by more increases in the future.

All this means that Washington will face infinite complications when it finally does adopt compulsory curbs. And it raises a problem of timing that no one has yet solved.

Some experts predict the wage freeze will hit shortly after the first of the

year. Others say the present round will certainly be allowed to run its course. At the earliest, that could be after Philip Murray settles his demands with the steel industry.

• **Forget It**—For labor's part, as long as the current spree of wage increases goes on, it prefers to shove ideas of stabilization deep into the drawer. Labor chiefs, of course, still keep one eye on the steady climb of the consumers' price index. They have a suspicion it will catch up with them one day. But so far this year, wage raises have more than compensated for the index rise in most cases. And labor leaders have no intention of quitting while they are winning.

Last month at least 1½-million workers got wage increases, three-fourths of them in manufacturing. For many it was the second adjustment in a few months.

Of the total who had raises, 220,000 were promised an additional boost later on—regardless of price developments. Another 100,000 were brought under escalator clauses promising them pay raises that would follow increases in the cost of living. All told, about 1-million workers will be due for c-o-l hikes of 1¢ to 2¢ an hour in the next few months. (General Motors, for one, will undoubtedly have to pay another increase on Dec. 1.)

• **No Fight**—So far labor has met with little more than token resistance in its drive for higher wages.

In the September settlements, the Bureau of Labor Statistics found a substantial number of cases where employers granted adjustments without any attempt at contract-reopening formalities. Others handed out increases without even touching the terms of contracts that were due to expire soon.

The gains have come so easily that labor isn't worrying about the rapid rise in prices. Labor leaders want living costs checked, of course. But the

Defense Production Act requires that wages be stabilized when a price ceiling is set. And that's a price that labor isn't yet ready to pay.

Labor is admittedly scared of the kind of wage stabilization that would come out of a price freeze. Union leaders, when they discuss the problem at all, echo the hopes of some government spokesmen who say that stepped-up production, allocations, and new taxes, properly distributed, may yet avert price and wage ceilings. Other union men, far from worrying about inflation, are complaining of local unemployment and depression produced by credit controls in building and autos.

• **Temporary Tie-Up**—Any move toward stabilization now has to wait on final appointments to the government's wage stabilization board. This is the nine-man body made up of industry, labor, and public members that will act as an advisory group to wage stabilizer Cyrus Ching. The White House so far has had a hard time getting the public representatives it wants for the board.

Once the group is set up, Ching will presumably explore the idea of checking the wage-price spiral by a voluntary labor-management agreement on a broad basis. The Defense Production Act lays down this procedure.

Nobody knows just what the board will decide. But a successful voluntary stabilization program in today's economic and political circumstances is almost a utopian ideal. England was able to do it in the last war, but things were different then—mainly because there was a real war.

• **Two Choices**—Once voluntary methods are waived, there are two choices: The government can tie all wages to the cost-of-living index; or it can throw out all existing cost-of-living clauses and write a substitute, perhaps something like the Little Steel Formula of World War II.

In a strictly controlled economy, there is theoretically nothing to fear about tying wages to the price index. That is, you assume the controllers can successfully sit on prices. There is no reason for the wage escalator to move and therefore no price inflation.

• **Experience**—It is doubtful, though, that prices could be held firmly enough, long enough, to avoid escalator wage movements—unless perhaps you use sub-

sidies. And subsidies are ruled out by the Defense Production Act.

In World War II, three countries—Sweden, Australia, and Canada—formally tied the wage level to the cost of living for at least part of the period. Canada and Sweden severed the tie when stabilization began to get out of hand. In both cases, separating the two made price control more effective.

• **Ready-Made Solution**—A Little Steel Formula offers a ready-made method for slowing down the wage drive without imposing an immediate brittle ceiling on the whole economy. It would permit wage raises on a limited basis. The device is designed simply to complete a current wage round by holding the leaders and letting the laggards come abreast. These are the terms labor leaders are thinking in, when they are pressed to think about stabilization.

One disadvantage of the formula in World War II could be corrected in the second run. The use of a percentage wage increase as the standard had the effect of giving larger cents-per-hour raises to employees in higher-paid establishments than to those in lower-paid groups. The formula thus operated to increase the differentials among different groups of workers at a time when the economic forces at work in the labor market were operating to narrow them. That might have been avoided if the formula had been expressed in cents per hour.

• **Bad Match?**—From the standpoint of over-all controls, technicians still don't like the Defense Act's tie-in of prices and wages—even though it is not so much a firm marriage as a loose relationship. Washington now assumes that Congress used the word "stabilize" advisedly when it talked about wages, while speaking of prices in terms of "ceilings." The intent seems to have been that when a price ceiling is imposed on a product, the government would have to look at any proposed wage change affecting the cost of the product. Before an increase in the wage rate could be approved, some good reason would have to be found: the cost of living, interplant inequalities, manpower needs, or substandards.

• **No Premium**—Last time, the stabilization program did not attempt to set limits on gross hourly or weekly earnings. Presumably the next plan will stick to rate questions, too. Increased earnings from premium pay undoubtedly helped to make wage rate controls more palatable to labor and delayed its major offensive against the Little Steel Formula.

In the present situation, this is an argument for putting a checkrein on wage rates, not after overtime work becomes a general practice. Then there will be no other cushions to soften the blow of advancing living costs.



CHRYSLER'S K. T. Keller takes on job of directing research for . . .

## Pushbutton War

**New Office of Guided Missiles under Defense Dept. will coordinate research and prepare for production.**

Military research in pushbutton warfare has passed the stage of random experimentation. It has reached the point where it needs the kind of coordination and direction that precedes mass production.

Last week Secretary of Defense Marshall set up the machinery for coordination and direction. He appointed Chrysler Corp.'s president K. T. Keller (above) as director of the Defense Dept.'s new Office of Guided Missiles.

• **Haphazard**—Development of guided missiles has been as erratic and unpredictable as the flight of a Fourth of July rocket. Since the war, each of the three services has worked in jealous secrecy on its own pet projects, practically unaware of the discoveries of the other two.

At the beginning of this year, there were 35 guided missiles in various stages of development. The Army supported seven major projects at an estimated cost of \$36-million; the Navy had 15 separate projects costing almost \$75-million; and the Air Force was spending an estimated \$70-million on 13 projects.

• **Coordination**—The new Office of Guided Missiles is supposed to tie all of these projects in together.

Keller says he will keep his connection with Chrysler; he is stepping in for the government only in an advisory capacity, and without pay.

Slated for the position of deputy director, but as yet unannounced, is Maj. Gen. K. B. Nichols, wartime engineer of the Manhattan Project.

Under Keller, and Nichols, OGM becomes the top organization for all U. S. guided-missiles work. Keller reports directly to the Defense Secretary and the Armed Forces Policy Council. He has been charged specifically with:

- Expediting guided-missiles production;

- Coordinating complete interchange of technical information on guided missiles between Army, Navy, and Air Force;

- Allocating funds for research and development.

- **Time for Production?**—It's significant that a man with wide experience in industrial production has been assigned to the top advisory slot in the guided-missile program. It may indicate that enough pioneering and scientific work has been done to shift emphasis to actual production of a few missiles on a big scale. Military sources say that funds now pouring into research and development must be at least trebled if mass production of even a few missiles is to get under way. That would mean expenditures of about \$600-million a year.

A \$600-million program, supporting actual production of missiles, would be a long jump from the late war years when Germany's V-1 and V-2 startled the military into action.

- **Startled Start**—When the V-bombs first hit England, the Army and Navy immediately issued development contracts giving carte blanc for investigation of any missiles showing promise. In 1946, after technicians had a look at the guts of the V-bombs and had appraised their damage, most of those early contracts were cancelled. But the military made jealously guarded service secrets of the remaining ones that seemed to be on the right track.

This secrecy retarded a rapid and orderly development of guided missiles. There was constant duplication of research effort. Before long it was obvious that there would have to be a single top coordinator.

- **Guiding Problem**—There are still plenty of technical problems that the new Office of Guided Missiles will have to cope with. The problem of motive power has been pretty well solved; the problem of guiding mechanisms has not. At the present time, development work is being concentrated mainly on two types of guidance: electronic and non-electronic.

The most advanced method on electronic guidance is "radar homing." Missiles carry a radar sending and receiving set, which spots the target and steers the missile to it. First production missiles will undoubtedly depend on this system. It has one serious drawback, however: The enemy can "jam" the radar and lure the missile to a false target.



# Will Shortages Hit Exports?

**No, say most U.S. industries—unless government controls are too tough. Reason: Most manufacturers see high value in continued export trade.**

Six months ago, U.S. businessmen were scratching to develop foreign markets for their goods. Now many of them are wondering what to do with the orders that are coming in from abroad.

Shortages in a growing list of industries have suddenly made foreign business an embarrassment instead of a blessing. And this has happened just at a time when the much-advertised dollar gap is closing up and the rest of the world is in a position to buy more U.S. goods than before.

• **Same Treatment**—When goods are short, there is always a temptation to shove foreign customers back to the foot of the line and take care of domestic buyers first. But a BUSINESS WEEK checkup with some of the major exporting industries this week found that few companies are planning to do that now. With a few exceptions, the big exporters plan to give foreign customers the same treatment as U.S. customers—as long as the government will let them (page 106).

• **Allocations**—This treatment will boil down to allocations on pretty much an equal basis. In other words, if a manufacturer has to put his domestic consumers on allocations based on a certain percentage of previous consumption, he will probably allocate to his foreign

customers on about the same basis.

This won't be true in every case, of course. For one thing, it will depend a lot on just how much foreign competition the particular industry has. If it has a lot, it's going to go as far as possible in giving a good foreign customer a fair shake. If not, it will be a little rougher. And in every case each industry—even each company—will have its own particular situation to take into account.

• **Plans by Industries**—Specifically, here is how some of the important export industries propose to deal with the situation:

• **Machine Tools**—The whole industry has a backlog right now that is 10 times the rate of shipment. About 15% of this unfilled backlog is foreign orders, nearly all civilian. On top of this, Atlantic Pact nations are beginning to pour new orders into the already swamped industry.

Eventually, the Atlantic Pact orders will carry priorities. And this will mean that foreign civilian customers will have to wait.

• **Electrical Products**—One company has been allocating its exports since August, says it could have sold five times as much goods abroad if it could have made them.

Another company has been allocating about 6% of its output to export for a long time, expects to continue at that figure. It points out, however, that the rule will have to be applied on an uneven basis. Foreign buyers may not want 6% of some products and will want much more than 6% of others.

• **Automobiles**—Foreign orders have picked up a lot lately—and the industry is glad of it. So far, there has been no allocation because it has been trying to get exports at a higher level anyway. If an output cut comes it will set export allocations at a percentage based on a "normal" period, such as 1935 to 1939. Then exports ran around 10%.

Not everyone will go that high on exports, even if he can. Hudson, for example, is exporting 3% now, figures it won't go higher than 5%.

• **Farm Machinery**—Allis-Chalmers Mfg. Co. is putting between 10% and 12% of its production into export, will continue to do so until a materials squeeze comes. When that happens, foreign customers will suffer. Says the A-C tractor division: "We are not going to discriminate against domestic customers for the sake of export orders."

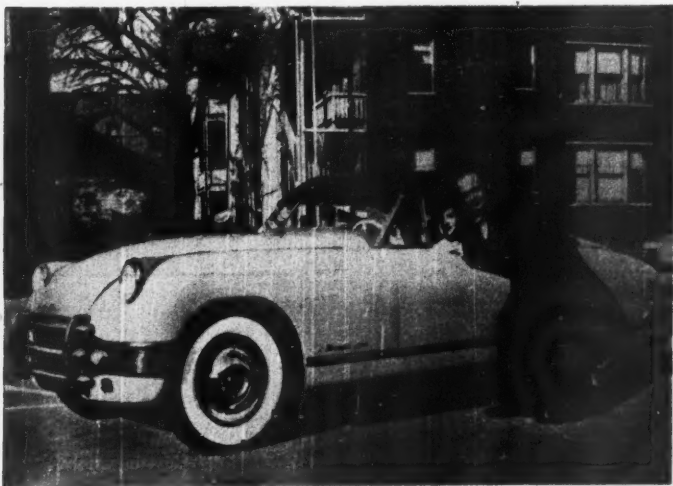
Caterpillar Tractor Co. will also be a little choosy. If things get tight, it will take care of old foreign customers first, give new ones what's left over—if any. It feels that using this historical basis—as it did in World War II—is the fairest way to handle the situation.

• **Chemicals**—One of the biggest chemical companies has worked out a broad policy which one official described this way: "Our general policy is that we are in the foreign markets for the long pull. The export business is a permanent, important section of our total business. We intend to protect our foreign customers as far as we possibly can."

This does not mean that every foreign customer gets exactly the same break; instead, each will be rated on the basis of its long-term value. The company will allocate its products with the idea of supplying first the customers it can count on in the future.

• **Textiles**—J. P. Stevens & Co. says that the textile industry can't afford to pick up and lay down foreign trade at will. Foreign trade is particularly valuable to textiles in bad times. For the textile industry, which is an up-and-down business at best, this can be a life saver. Therefore, the last thing it proposes to do is eliminate foreign customers altogether.

As a matter of fact, that will probably be the attitude of most of U.S. industry and the government. Said Commerce Secretary Sawyer this week: "In imposing controls . . . we shall try to remember that export markets are hard to develop—once discontinued they are even harder to recapture."



TEST SPEED OF 142 MPH. is claimed for this new luxury car. Earl W. Muntz, president of Muntz TV, is going to assem-

ble the \$5,500 job in Chicago. The Muntz features an aluminum body, as well as a 160 hp. Cadillac engine.



**COLOR TV** Hit of the National Business Show was Remington Rand's demonstration of Vericolor, the FCC-approved CBS system.



**STUDIO** for color-TV show was right beside receivers in exhibit.

## Business Show Visitors Get In on

The modern business office has become so mechanized and complex that it takes a technician to understand it. Partly for that reason, the 1950 National Business Show at New York's Grand Central Palace last week drew a fairly specialized audience.

The crowds that took in the office-machinery exhibits contained plenty of people who obviously weren't businessmen. But mainly, the audience was composed of stenographers and clerks (who saw in the machines something to save them time and trouble) and

office managers (who in turn saw the machines as a way to save stenographers and clerks).

• **Stunts**—Exhibitors did their best to add a little zip to their presentations. In some cases, that meant dressing girls up like bunnies, setting up mechanical men to talk with visitors, or giving the onlookers a chance to test out the manufacturer's product. There were other sideshow-type stunts, too. Facts, Inc., a Manhattan research bureau, let show attendees ask any question about anything, gave them an answer via the ex-

hibits' telephones within a few minutes.

• **Robot Trouble**—The New York Telephone Co. made the most of the talking-mechanical-man idea—and with considerable success. Big crowds stood around gawking as it talked to visitors, commenting on their clothes, asking them where they were from, and so on.

At one point, however, the robot had its cheery approach somewhat jarred by an irate woman with whom it fell into conversation. She complained that her phone bill was much too high and that what the New



**SKEPTIC** tells researcher what he thinks of show.



**VISITORS** Nuns of the Maryknoll Order stop in at the Autotypist booth to watch a demonstration of automatic typewriters.



**BIG BUNNY** plugged a little product, a staple extractor.



**FUNCTIONAL DESK** developed by du Pont and manufactured by Arnot & Co., Baltimore, made its New York debut at the show.

## the Act

York Telephone Co. needed was some competition. The robot tried to tell her that this would make her rates higher and her service less efficient. It was no go. She stomped away muttering that apparently the only solution was to have her phone taken out.

• **Color TV**—The hit of the show was a natural that didn't need any of these tricks. This was Remington Rand's Vericolor, which is simply the commercial, "closed-circuit" application of Columbia Broadcasting System's color-television system. Rem Rand had sev-

eral receivers around the area of its exhibit that picked up "telecasts" from a set a few feet away.

The fact that CBS color had just been given the nod by Federal Communications Commission accounted for much of the interest. At every demonstration mobs of people packed themselves into range of the receivers.

• **Biggest Exhibit**—Partly because of its TV display, Remington Rand had by far the biggest exhibit at the show. One reason was that, along with Vericolor, it had a second new item to blow its horn about—the Univac, the electronic calculator that it bought early this year from Eckert-Mauchly Computer Corp. It had no Univac on display, but

it did have a model of it and charts explaining what feats it could perform.

Some of Rem Rand's big-time competitors aren't in the show. International Business Machines—biggest of them all—and some other equally famous names in the industry had no exhibits at all. But there are enough companies in the business so that Grand Central Palace was pretty crowded.

• **Functional Furniture**—Making its New York debut at the show was Arnot & Co., Inc.'s functional office furniture group. Originally developed and engineered by E. I. du Pont de Nemours (BW—Nov. 12 '49, p22), the desk is a series of units that can be assembled to meet different office requirements.



**ROUGH ON FILES** Secretaries aren't expected to put file drawers to this tough a test. But Pronto File Corp.'s representatives wanted to demonstrate that their cardboard and metal files can take it, just in case.

# Bucking the Excess-Profits Tax

Beardsley Ruml, father of the pay-as-you-go plan, forms a committee to battle the proposed new measure. Other business groups also line up to fight Washington.

This week a committee of potent businessmen was being organized quietly to do battle against passage of a new excess-profits tax. It won't stay quiet very long, though. And when it breaks silence, it will be with a whoop.

Ringleader of the new group is Beardsley Ruml—the man who successfully sold pay-as-you-go income taxation in Washington nearly a decade ago.

• **After Election**—Creation of the committee will not be made public until after the election next week. But an organizational meeting has been held; about 80 top-flight businessmen have already been recruited. Representatives of this committee are expected to register as lobbyists in Washington to "present the business point of view on defense taxation."

• **Solid Front?**—Group thinking is not yet definite on what alternatives to an excess-profits tax will be proposed. There's general recognition, though, that higher taxes of some sort are necessary. In the end, there may not be a solid front at all in advocating any specific type and rate of taxation. But the committee is likely to favor a boost in the regular corporate income tax in preference to excess-profits levies.

• **Railroads**—The Assn. of American Railroads also indicated this week that it had stepped into the excess-profits tax row. But it did not take a position 100% against the levy. Instead, it merely said that excess-profits taxes should be paid by the railroads only on earnings that exceed a return of 6% on their invested capital.

• **NAM Proposal**—One other business organization is already out with its recommendations for defense taxation. The taxation committee of the National Assn. of Manufacturers has suggested a special defense tax on corporations in lieu of an excess-profits tax.

The NAM-suggested levy would be imposed as a flat percentage of the corporation income tax. NAM did not say what the increase should be. It did say that first of all the standard corporation income-tax rate should be cut back from 45% to 38% by changing the normal tax rate from 25% to 18%, while leaving the surtax rate at 20%.

NAM also proposes a uniform manufacturers' excise tax, separated into two parts—one permanent, one temporary. The permanent levy would replace the present system of special excises. It would apply to all end products of manufacture, except food and food

products. The temporary tax would be identified as a special defense charge. Thus there would be a basic rate of, say, 5% to bring in the same revenue present excises do. And on top of that there would be the temporary 5% for defense purposes.

Friendly critics of NAM say that this program was brought out too soon. They believe it would have been better to keep it under wraps until after the election. Critics also believe that the NAM recommendations are too ambiguous—since they do not specify

exact rates for the suggested levies.

• **CED Studies**—The Committee for Economic Development still has its tax study under wraps. It is currently being circulated among members for comment and will probably see the light of day one week after the election. Since the CED's aims, in general, are educational, it will not carry on any lobbying activities in Washington.

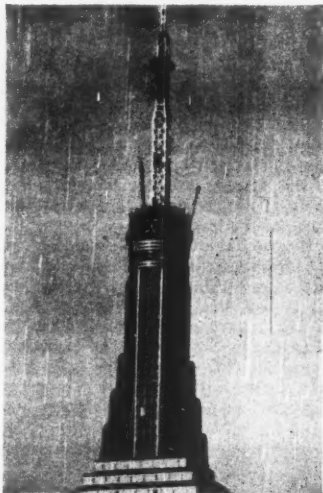
That appears to leave the main responsibility for pushing tax recommendations of the business community through Congress up to the Ruml committee. And the Ruml adherents don't feel that they have a lost cause on their hands. They believe that the congressional "mandate" to enact an excess-profits tax was pure pre-election politics. They claim that Sen. George and Rep. Doughton, wheel horses of the Senate and House tax committees, are still dissatisfied with an excess-profits tax. Treasury tax experts and the staff of the Joint Committee of the House and Senate on Internal Revenue Taxation also have been unhappy about the prospect.

• **Lame Duck**—Some businessmen say they hope that the Ruml committee, for a starter, can prevent action on the tax front in the lame duck session of Congress. They believe that the committee will then be able to do much better in the January session. And they hope, too, that Sen. George and Rep. Doughton have the parliamentary skill (and luck) to keep the tax problem unsettled until then.

The general line to be taken by the new committee was partially revealed last Saturday by Ruml in a Chicago speech. He said the basic motives for an excess-profits tax are both understandable and praiseworthy. But he set these standards for such a tax: (1) "It must not stimulate managerial extravagance, promote waste of men, materials and time, foster carelessness instead of prudence, nor incite needless expenditure generally," and (2) "it must be equitable and just; and to be such it must be able to identify an excess profit when one occurs, to isolate it and to seize it."

• **Impossible**—Ruml then observed that everyone who has had the most superficial contact with profits and taxes knows that no excess-profits tax has ever been devised to meet these criteria in even the roughest sense. He added that it is probable that no such excess-profits tax can ever be worked out.

Ruml advanced the idea that the simplest and most direct approach in today's mobilization phase is to put first dependence on war-contract renegotiation. But, he added, there must be something more than that. His new committee is expected to be ready to offer some alternate proposals when it begins its active job in Washington.



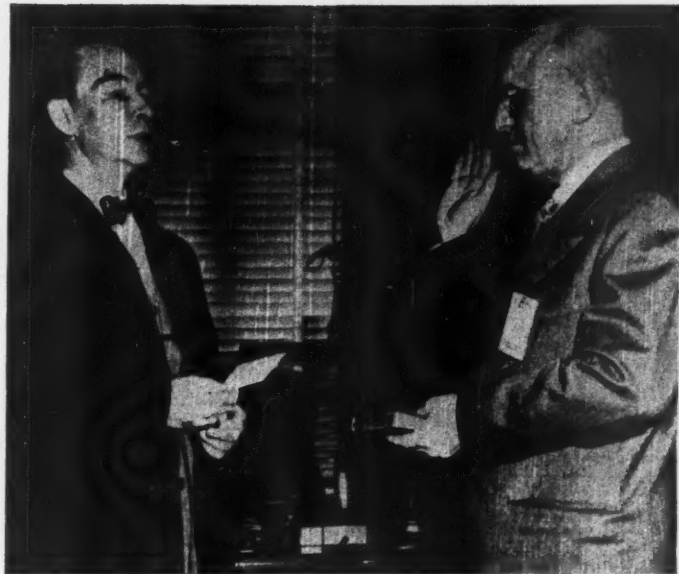
## Highest Becomes Higher

New York City's Empire State Building, already a booth of a boy, is still growing. The world's tallest building is now tacking on a television and F-M antenna that will add 222 ft. to its height, making the over-all figure 1,472 ft. (BW—Aug. 5'50, p58). At the time this photo was taken, the antenna was 140 ft. high, with work being pressed rapidly on the remaining portion.

When the antenna goes into service, it will be used by five television and three F-M stations. Reception will be improved for well over a million TV sets in the metropolitan area.

A specially constructed scaffolding at the top of the old tower prevents tools—and workmen—from hurtling down on the swarms of pedestrians far below.





GENERAL MANAGER Marion Boyer (right) is sworn in.

## New Blood Rouses AEC

After months of limping progress, Atomic Energy Commission is rolling ahead. It has a full roster now, almost all new. War matters get first claim, but peacetime projects are in the works.

When Marion Boyer took over as general manager of the Atomic Energy Commission last week, it was another sign that AEC was getting its administrative feet under it. The turnover of top management that started with David Lilienthal's exit last February is just about complete. For the first time in nine months the commission has a full roster ready for business.

Big change in AEC under the new administration seems likely to be in closer and more cooperative—critics might say more compliant—relations with other government agencies. This is already showing up in more frequent agreement with the military; more cordial relations with Congress seem probable. And Chairman Gordon Dean is determined that it will show results for peacetime, too.

In fact, this week, AEC was already loosening its research strings. It gave the green light to the first privately financed atomic reactor, to be built on the North Carolina State College campus, at Raleigh, N. C.

• **New Faces**—The difference in AEC shows up at a very obvious level. The most notable change, of course, is in the chairman. Where Lilienthal was

dynamic, Dean is slower-going, more realistic. His big stress is on teamwork, rather than individualism. He's the kind of man who will weigh white against black, come up with gray.

From a working point of view, one of Dean's big assets is his close tie with his former law partner, Sen. Brien McMahon, chairman of the congressional Joint Atomic Energy Committee. These two key men are likely to move hand in hand.

• **Who's Who**—Here's the rest of the lineup:

• **Sumner Pike**. He's the only man left from the original commission. With a wide background in both business and government, he has a feeling for the scientist, too; he has been a pioneer supporter of psychiatric societies.

• **Henry DeWolf Smyth**. Chairman of the department of physics at Princeton University, Smyth was consultant on many war research projects, including the Manhattan District.

• **Thomas Murray**. He's a working combination of businessman, operator, and inventor. He has over 200 patents to his credit in the electrical and welding fields. He's a fellow of the American Society of Mechanical Engineers

and the American Institute of Electrical Engineers.

• **Thomas Keith Glennan**. The commission's junior member has a name for being a hard-headed administrator—as president of Case Institute. He has held jobs at Paramount Pictures and with Samuel Goldwyn Studios. He also served on the Research & Development Board (weapons development).

• **And the Manager**—With Marion Boyer coming in at the manager's post, AEC is set to put the decisions of these policy makers into action at the operating level.

The fact that the commission picked Boyer is itself a comment on the change in the AEC picture. His predecessor, Carroll Wilson, who resigned in August, was appointed by the President.

The commission wanted an oil man for the job. Technical problems in the oil industry aren't unlike those of AEC. Boyer, vice-president in charge of manufacture at Esso Standard Oil Co., seems to fill the bill. For 23 years he worked with Esso and directed one of its largest and most complex refineries at Baton Rouge, La. And he has a record for getting along with people.

• **Peaceful Work**—The bulk of AEC's time goes to military questions.

Dean, however, reckons that peacetime programs pay dividends in practical results and in propaganda value. AEC will soon declassify a wide area of technical information having particular industrial significance.

• **North Carolina**—The North Carolina project is in line with Dean's thinking. The Consolidated University of North Carolina (which includes North Carolina State College) will put up about \$100,000 to build a low-power research reactor. Burlington Mills Foundation is providing \$200,000 for a building for it. The reactor is to be used for nuclear engineering research and to train nuclear engineering students.

It took a year and a half of dickering to get AEC's all-clear on this project—which will produce less than three grams of plutonium a year. This suggests that it will probably take some doing to put across a much bigger plan, now in the talking stage.

• **Monsanto Plan**—This is the proposal of Monsanto Chemical Co., St. Louis, that a pile be built with private capital in southern Idaho. It would produce plutonium for the U.S. and electric power for refining elemental phosphorous from the sands of Utah and Idaho.

The idea is that Monsanto will act as a kind of TVA in reverse—to tell the government whether it's wasting money. Dr. Charles A. Thomas, executive vice-president, believes the government could get plutonium more cheaply from the proposed plant than from Hanford.

Dean says his agency is giving the proposal "a long, hard look."





Inland Steel's Ryerson and GM's Wilson carry on duel with . . .

## Blunt Talk on Steel Expansion

GM chief publicly tells chairman of Inland Steel that his industry lacks confidence in U.S. Old quarrel over question of expanding capacity flares into open at Chicago meeting.

Not all the steel industry's critics are in Washington.

Long-smoldering differences between the steel and automobile industries, stoked up by the steel shortages, have broken into flame—and right at the top, too.

C. E. Wilson, president of General Motors, seized the opportunity of being on the same platform with Edward L. Ryerson, chairman of Inland Steel, to tell him—before a big, blue-ribbon audience—that the steel industry “didn’t have enough confidence . . . in our country and its growth.”

• **Chicago Meeting**—The occasion was a speech by Wilson before the American Society for Metals late last week in Chicago. The circumstances were unusual. Wilson finished his formal remarks and started to leave the microphone. Then he turned back and announced he wanted to say something about the steel industry.

Wilson said that steel had made a “big error” in its wartime planning on forward steel requirements. He argued that in the past half-century steel had increased capacity eight times, while oil had increased 30 times, electrical power output 70 times, and automobiles 2,000 times.

“I would say to Mr. Ryerson and his friends,” Wilson concluded, “to . . . go ahead with the country.”

• **Impromptu Reply**—Ryerson rose for an impromptu reply. He said briefly that the growth in autos, oil, etc. was made possible by the steel industry.

“The automotive industry would not have grown without the steel industry having grown, and I think that will always be the case,” he declared.

It was evident that Wilson was prepared for his remarks, impromptu as they seemed. His comparisons were right at hand, gathered for a talk last weekend at Carnegie Tech. Apparently, he decided he had a more timely opportunity for reporting them with Ryerson on the platform with him.

• **Wartime Survey**—General Motors’ preoccupation with steel supply dates back to the middle of the war. At that time, GM researchers completed a study of steel supply in relation to population and national income. They concluded that postwar demand would be well above steel’s ability to produce.

These findings, apparently, were taken to the steelmasters. Wilson told how “some of my New York associates . . . checked around with their friends in the steel business, and they got the word back that the steel industry would take care of its customers as they always had.”

• **Top-Level Buying**—Wilson’s blowing the lid off in public was taken to mean that GM is having even more trouble with steel supplies than in the past. Wilson himself has been scouting for steel at top levels, like Henry Ford II for Ford, and K. T. Keller and L. L. Colbert for Chrysler.

One of the big men in the auto industry, remarking on this, said this week: “If my purchasing agents did

some of the things I’ve done to get steel lately, I’d fire them. We’ve gone to every possible extreme.”

• **Steel’s Doubts**—Steel people have their own version of the situation. Pittsburgh has always looked askance at Detroit and its needs. “Anybody who goes out of his way to do a favor for the auto industry,” a top metal producer once told a private audience in Pittsburgh, “is a plain damned fool.” As many steel people see it, the big auto makers always want to be first in line when they need tonnage and want it waiting for them, regardless of any other circumstances.

## U.S. Steel Earnings Soar

When giant U.S. Steel reported its nine months’ profits this week, it showed what the defense boom is doing to heavy industry. Big Steel is cashing in on the greatest tonnage of steel produced and shipped in its corporate history. Its earnings for the nine months are the largest for any similar period since 1917.

Stockholders got cut in on the deal through a boost in the quarterly dividend rate from 65¢ a share to 75¢. On top of that, a special dividend of 75¢ was declared.

September quarterly earnings, before dividends were declared, totaled \$59,742,302. For the nine months ended Sept. 30, net income was reported as \$178,821,540. That compared with \$133,223,409 in the first nine months of 1949.

Big Steel has set aside \$147,100,000 as a provision for federal income taxes. This included \$8,500,000 estimated additional tax due Uncle Sam for the first six months of 1950 under this year’s new tax law.

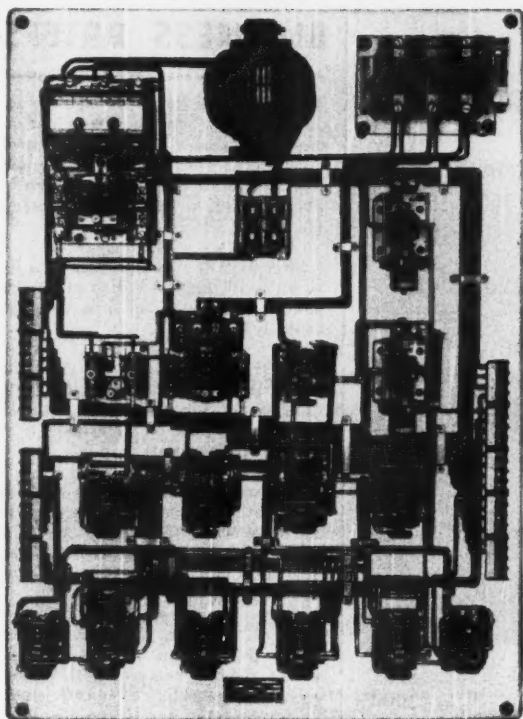
## Graham-Paige Fans Out

Steel plants are tagged as attractive buys when demand for steel products is sky high as it certainly is at the present time.

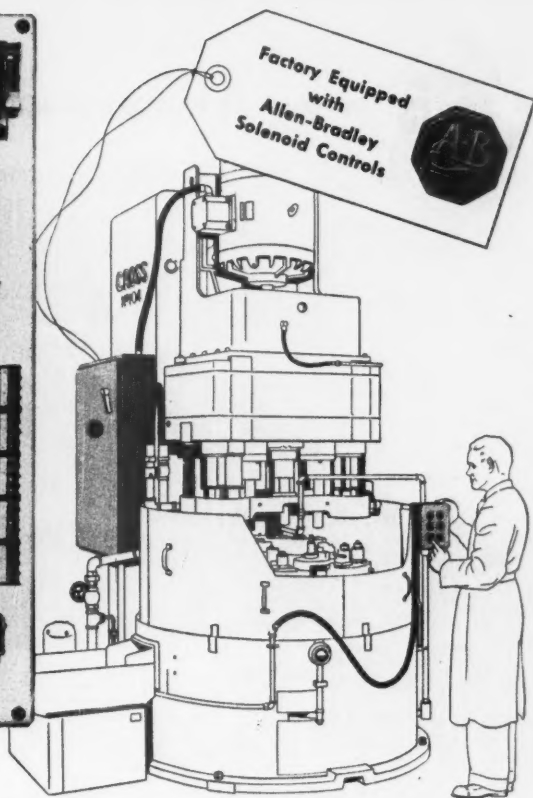
That evidently prompted Graham-Paige Corp. last week to acquire 100% of the capital stock of Whitney Apollo Corp. and its subsidiary, Whitney Apollo Steel Co. What Graham-Paige paid was not disclosed.

Purchase of Whitney Apollo is the second large investment made in the last six months by Graham-Paige. The investment company, formerly an auto maker, bought the principal interest in R. Olsen Oil Co. in June.

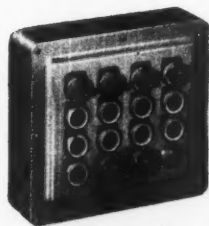
Whitney Apollo has a production capacity of 20,000 tons of sheet steel a month. Its current annual sales volume is running around \$30-million. Whitney Apollo rolling mills are located at Portsmouth, Ohio, and Apollo, Pa.



Close-up of Allen-Bradley Control Panel with Manual Disconnect Switch.



## Cross DRILLING AND REAMING MACHINE equipped with Allen-Bradley Relay Panel



Allen-Bradley oiltight push button stations are ideal for machine tools. They are good looking—compact—trouble free.

This precision machine tool, built by The Cross Company, Detroit, Michigan, for drilling and counterboring automotive transmission planetary cages, requires a variety of Allen-Bradley solenoid contactors and timing relays.

All Allen-Bradley contactors, relays, and switches are equipped with double break, silver alloy contacts that require no maintenance. Their long, trouble free life makes them a decided sales asset to any motorized machine.

Why don't you standardize on Allen-Bradley controls, too?

Allen-Bradley Co.  
1332 S. Second St., Milwaukee 4, Wis.

# ALLEN-BRADLEY SOLENOID MOTOR CONTROL





...Mark of **PROGRESS** in Railroading



## No mystery about this "Flying Saucer"!

**W**HEN new, fast schedules of Erie freight trains Nos. 99 and 100 clipped a full day off the running time between New York and Chicago, the train crews instantly dubbed them "The Flying Saucers"!

There is no mystery about this "Flying Saucer" service which offers Erie shippers the advantage of dependable second-morning delivery of less-than-carload merchandise between both cities.

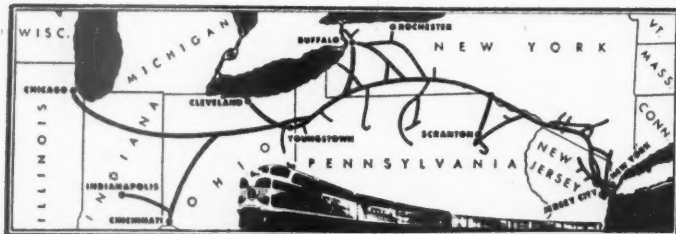
Fine teamwork among Erie people all along the line is the answer—

teamwork that has helped build the Erie's reputation as the railroad that's "First in Freight"!

Here again is another example of Erie's progressive railroading—the continuous search to improve the safe, dependable transportation of both passengers and freight!

## Erie Railroad

Serving the Heart of Industrial America



## BUSINESS BRIEFS

**Tire price hikes** spread through the industry on the heels of Goodyear's increase last week. The boosts followed a pattern of 7½% on regular auto and truck tires, 10% on white sidewalls. For auto tires, it was the fifth markup this year.

**Coffee prices** tumbled another 2¢ a lb. at wholesale, making a drop of 4¢ this month. A month-long slide in green coffee is behind it.

**Mid-1951 food prices** may top the record level of the summer of 1948, the Dept. of Agriculture said. It thinks the temporary lull in rising food costs will be over by spring.

**An antistalling compound** was added to Esso Extra gasoline. It's supposed to cut down "frost" formations caused by evaporation in the carburetor. Esso Standard Oil will play it up with a big ad campaign.

**Out of business:** National Transit Pump & Machine, one of Pennsylvania's old-line companies, will probably dissolve after a special stockholders meeting on Nov. 15. The reason, President C. H. Forester said, is "the low volume of business and the prohibitive cost of expanding."

**Helicopter shuttle service** for New York City was recommended by a Civil Aeronautics Board examiner. If the full board approves, New York Airways will start mail and passenger flights between outlying airports and the metropolitan area.

**The last flying boats** on intercontinental runs go out of service Nov. 7. British Overseas Airways is replacing the Solent planes on its England-South Africa route with new Handley Page Hermes airliners.

**Bidding on U. S. contracts** will be made easier by the Los Angeles Chamber of Commerce. The chamber will supply local manufacturers with government production specifications needed to bid on defense work. It will get the data from its Washington bureau via Teletype and phone.

**Executives are rotten readers**, Dr. Murray L. Miller told a meeting of the American Management Assn. Miller who is in charge of reading improvement at the Air Force's Air University said many are only one step ahead of near-illiterates. They should read 600 words a min.; they do read about 300 to 350.



## How PHILCO *tuned-in* Increased Production "Channel"

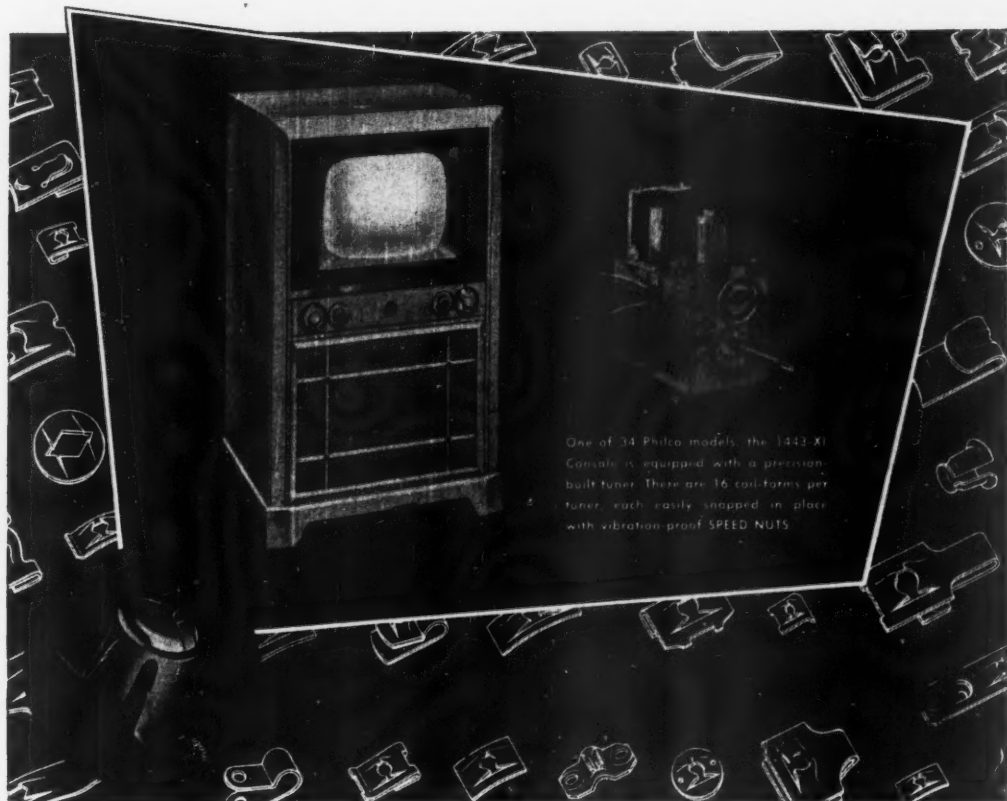
**Simplified assembly of TV tuner helps PHILCO Corporation meet increased production requirements . . . and makes substantial savings in assembly costs.**

Now, with demands for TV skyrocketing and production schedules trimmed, the Philco Corporation has given SPEED NUTS a new, higher efficiency rating.

Reports show that Coil-form SPEED NUTS, used on high sensitivity tuners, provide a 35%

*increase in production rate and an assembly savings of 20% over old coil-attaching methods!*

It may take a sharp pencil to figure ways to trim *your* production schedules and costs. Your Tinnerman representative would welcome an opportunity to try. Ask him to call—and write for your copy of "Savings Stories".  
TINNERMAN PRODUCTS, INC., Box 6688, Cleveland 1, Ohio. In Canada: Dominion Fasteners Limited, Hamilton. In Great Britain: Simmonds Aeroaccessories, Ltd., Treforest, Wales.



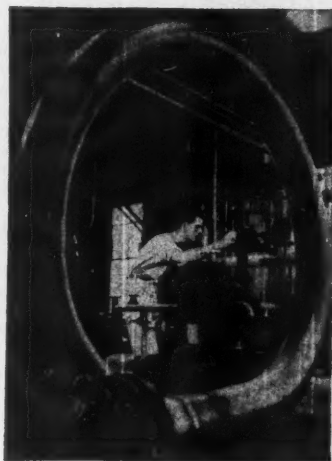
One of 34 Philco models, the 1443 Xi Console is equipped with a precision-built tuner. There are 16 coil-forms per tuner, each easily snapped in place with vibration-proof SPEED NUTS.







# MANAGEMENT



TOMORROW'S EXECUTIVES begin their climb on the production line, the laboratory bench, and in the office bullpen.

## Shirt-Sleeve Training for P&G Bosses

Procter & Gamble's strong management crew is the product of careful selection, a planned program for schooling, development.

"If you take three or four fellows, about this time of year, and put them on an island in the middle of a river, about 400 miles up into Canada, without any clothes, but just with a knife and a few matches—and if a couple of weeks later one of them shows up back at the border, and he hasn't lost any weight, and he's found a way to make himself some clothes, hasn't broken any laws, and has sort of enjoyed the whole thing, then you've got a good manager."

• **Rule of Thumb**—That's an example often quoted by officials of the Procter & Gamble Co. It's cited to show what kind of resourcefulness they believe is needed in management men.

Knowing the kind of man you want, of course, is one thing. Finding him is another. P&G finds its men through a definite program for hiring, training, and promoting potential executives. It gives the same kind of attention to developing management men as it does to developing a new product or the market for it.

As America's No. 1 soap maker (it also produces shortening, vegetable oils, dentifrices, and home permanent kits), P&G has made quite a record. For the last four fiscal years, annual net sales have run well above \$500-million; net income for the year ending last June was \$61-million. This week the com-

pany's first quarterly report for the 1951 fiscal year showed a net profit of \$20.1-million, a gain of \$403,683 over the same period last year.

• **Good Fortune**—P&G would be the last to deny that luck has played a part in its success. It was luck three-quarters of a century ago that gave the company one of its prize products. A careless workman allowed a soap mixer (crutcher) to run during his lunch hour. Minute air bubbles formed in the batch—and the soap floated. Today millions of people know Ivory Soap because "It Floats."

Today's management at P&G is lucky, too, in a sense. The climate it operates in is the product of events that happened in the past.

When James Gamble and William Procter went into business together in 1837, soap making was largely a home industry and not very important. But it became more important as the years rolled along. Every educational movement aimed at making people cleaner helped the industry—and P&G. And everything that helped people be cleaner—city water, electricity, gas—had the same effect. Thus P&G has been able to make and sell its product through an era of steadily growing demand.

• **Labor Planning**—A foresight in early labor relations has also helped create a favorable management climate. Pen-

sions, profit-sharing plans, and guaranteed employment were established years ago. Today, they are not the problems for P&G that they are for other companies. These security plans, too, have probably helped stave off large international industrial unions in P&G plants.

Yesterday's smart moves, though, aren't the only explanations for P&G's quality management now. The main reason is that its executive crew is made up of the right kind of people. And like General Motors', this crew is backed up by a raft of first-rate reserves.

### I. Picking Winners

P&G picks its executive crop right out of college. It uses scientific testing methods, but it makes due allowance for the human factor.

Each department in P&G does its own recruiting of college-trained personnel. In sales, for instance, each district manager is responsible for getting new men; in this way most colleges and universities are covered. Usually, a manager recruits for his own district. But if he sees four hotshots and has room for only three, he lets headquarters know. That gives some other district manager a chance to look at No. 4.

Other departments work out of headquarters to get their recruits. The manufacturing division has to line up men for chemistry, engineering, and factory management. Factory superin-

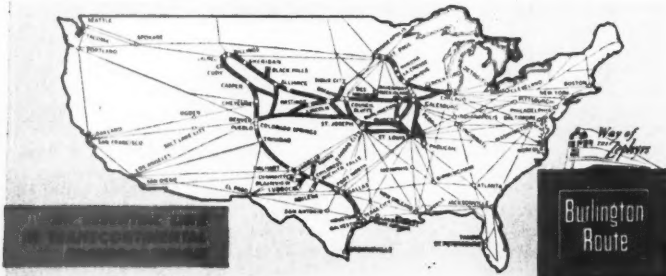


## 938 MILLION DOLLARS — at your service! —

- Every time you ship or travel *via Burlington*, there's an investment of \$938,575,838.14 working for you.
- But the Burlington is more than a multi-million dollar collection of locomotives and cars, track and equipment, land and buildings. Today, as for 101 years, this railroad is a leader in alert, aggressive railroading. The Burlington introduced America's first diesel-powered streamlined train—the first *Vista-Dome* cars—and many other far-reaching improvements in freight and passenger transportation.
- More than 32,000 Burlington men and women, like the 938-million-dollar investment, are constantly on the job . . . performing valuable services at reasonable cost to you.

### BURLINGTON LINES • *Everywhere West*

Chicago, Burlington & Quincy Railroad • Colorado and Southern Railway  
Fort Worth and Denver City Railway • The Wichita Valley Railway



tendents, as well as special representatives, do interviewing. In the advertising department, responsibility for college visits is placed with one man—the office manager.

• **Routine**—About the same technique is used by all P&G representatives who visit college campuses. First, the representative has the applicant fill out a standard application form, used companywide. Next, there is a personal interview. Then, if the applicant seems to be a likely prospect, he is given some tests.

First comes P&G's mental alertness test—a sort of general qualifying test. Par for the course is set by giving the same test to successful people already at P&G. Finally, there are specialized tests to determine how much the applicant knows about his own field.

• **No Bible**—P&G says it gives the tests with full recognition that they are not infallible. Not long ago an applicant who was obviously well-trained and generally conceded to be an excellent prospect flunked a test—but definitely. The applicant was asked to try a second test—and this time he came through with a high grade. Incidents such as this prompt P&G to say that “nobody stands or falls on a test score.”

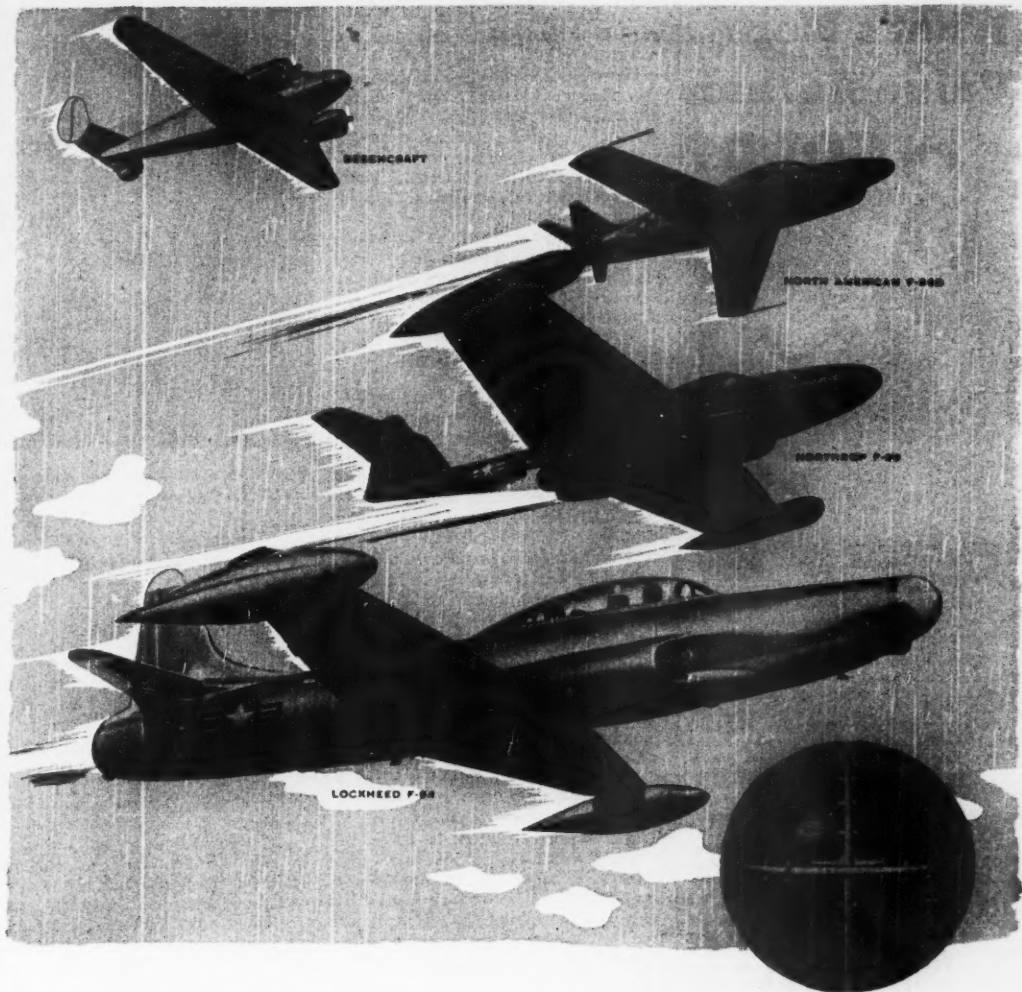
Applicants for advertising positions are surprised sometimes by the questions tossed at them. For example, they may be asked to pick out the right figure from six choices for the total number of shoes manufactured last year in the U. S. If the applicant has a rough idea of the population, knows that women buy more shoes than men, and that a vast number of children have been born since 1941, he should arrive at a figure approximating the correct answer.

### II. Tailored Training

As soon as a man is hired as a management trainee, he embarks on a training program that is carefully prepared but not stereotyped. A schedule and timetable are laid out, tailored to fit the individual.

Take the case of a man being trained for factory management. A program is set up for him by his supervisor or department head and by the factory training engineer. It usually lasts about six months. The trainee first takes a whack at all the jobs in the department he has been assigned to. Then he is shunted to the related departments so he'll understand where his department fits in the over-all production scheme.

The trainee next spends about a month in the staff departments of the factory. This gives him a chance to get familiar with the services available and how he can best make use of them later on. For the last few weeks of the program, he works directly with



**RIGHT** for the Executive Aircraft...

**RIGHT** for the Jet Fighter... **Sperry ZERO** reader

► The versatility and adaptability of the Sperry Zero Reader\* are shown by its use on the supersonic all-weather jets of the U. S. Air Force... including the Northrop F-89, North American F-86D and the Lockheed F-94.

► The Zero Reader performs for jet fighters the same job it does for commercial and executive aircraft such as the Beechcraft and Douglas DC-3—simplifying flying, navigating and making manual approaches for pilots.

► The Zero Reader tells the pilot

directly on a simple two-element indicator how to move the controls so as to fly the correct flight path with ease and precision. It combines the type of information usually supplied by the gyro-horizon, directional gyro, magnetic compass, sensitive altimeter and cross pointer meter.

► Developed by Sperry with the cooperation and encouragement of All-Weather Flying Division, USAF and the Air Transport Association... the Zero Reader is another step in the attainment of all-weather operations.

STRAKE HALL, PAT. PENDING

**SPERRY**

**GYROSCOPE COMPANY**

DIVISION OF THE SPERRY CORPORATION, GREAT NECK, NEW YORK

CLEVELAND • NEW ORLEANS • LOS ANGELES • SAN FRANCISCO • SEATTLE • NEW YORK • IN CANADA: THE ONTARIO HUGHES OWENS COMPANY, LIMITED • OTTAWA

## What's More Valuable than GOLD?



**H**ARD to think of anything much more valuable, than a shipment of gold . . .

*Hard to think of a more dependable way of protecting its value than through American Foreign Insurance Association!*

Through the years AFIA, through its member companies, continuously has insured gold shipments. At the start of World War II, AFIA protection rode with gold removed from New Guinea, to Australia, and thence to San Francisco. Today, gold moving from South America to the United States carries that same protection.

Not that gold-shipping is widespread business . . . the whole point is that AFIA is a specialist in handling "close-fitting" protection for American-owned properties or interests abroad—ventures of almost every conceivable kind!

Protection needs vary from business to business; country to country. But AFIA's long experience in the foreign field enables it to cope with conditions as they are—to slice through difficulties to provide sound, dependable coverage in every case.

THIS outstanding protection is available to YOU in YOUR ventures in foreign lands. See your agent or broker!



**AMERICAN FOREIGN  
INSURANCE ASSOCIATION**  
80 MAIDEN LANE, NEW YORK 7, N.Y.

CHICAGO OFFICE . . . Insurance Exchange Building  
175 West Jackson Blvd., Chicago 4, Illinois

SAN FRANCISCO OFFICE . . . Mills Building  
220 Bush Street, San Francisco 4, California

SERVING THE WORLD-WIDE OPERATIONS OF  
ITS MEMBER COMPANIES AND THEIR ASSURED

his foreman and assumes responsibilities until he is qualified to take over the foreman's job.

• **Thorough Grounding**—The same general idea of training prevails in the nonproduction departments. The management candidate gets a thorough grounding in all phases of the operation for which he was selected. Training a man for a responsible post in advertising probably will involve actual work in merchandising, sales, media, research. The procedure isn't always exactly the same. But by the time a man reaches a position where he has to know what is going on, he knows.

### III. Vice-Presidents by 40

When a man is hired as a P&G potential executive, he knows where he is going—if he can make the grade. If he can handle the job, he will reach a high position.

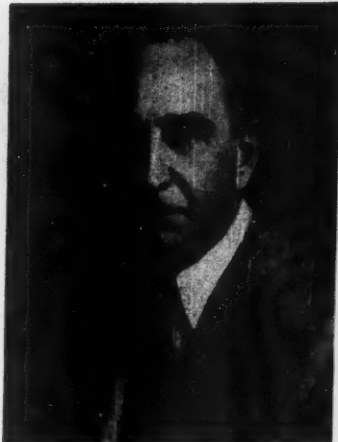
He moves up pretty fast. President Neil H. McElroy (cover) says: "We think of a development man as taking over an executive position as soon as possible. We are willing to give responsibility to young men in whose minds and general competence we believe. These men must be moved along quickly in the early stages. Several men have become vice-presidents by the time they were 40. This means we must put substantial loads on such men at 30 or below."

• **Case in Point**—McElroy's own record illustrates the rapid upgrading process. After he got an A.B. from Harvard in 1925, he joined P&G. Technically, he started as a junior clerk in the advertising department. "I was mail boy," he says. "That's where they tell you to open and read everybody's mail. It's one way of finding out what's going on."

He became manager of the promotion department in 1929, and manager of advertising and promotion in 1940. Just before his 40th birthday, he was elected a director and made a vice-president. Three years later, he moved up to vice-president and general manager, and two years after that he became president.

• **Policy Maker**—His predecessor as president was Richard R. Deupree, now chairman of the board. Deupree has had a great deal to say about personnel and organization. He once sounded a word of caution about moving management men up fast, even though he is a great champion of that philosophy.

"When you give him an opportunity to handle larger things," Deupree said, "be careful not to overload him with responsibilities before he is ready for them. There is a delicate balance to be maintained between what he wants to do and what he can do successfully. His position and his promise in the



**TOP MAN** at P&G is Richard R. Deupree, now board chairman and ex-president.

organization must not be shaken by failures resulting from his moving ahead too rapidly."

### IV. Sachems in Harness

Although P&G brings young executives up fast, it keeps the older men in harness, too. In that way it can benefit from their experience. The importance of the older men is illustrated in the makeup of the administrative committee.

Top direction of the company is in the hands of this group. Its members representing all major divisions of the business are the chairman and president, nine vice-presidents, the treasurer, and the comptroller—13 in all.

Once a week as many as are available gather for a meeting. It is here that policies are determined. This committee schedules and coordinates the whole working of the company. It considers any new ideas brought up from the lower echelons of the company organization.

• **Idea Pool**—Ideas usually originate within individual departments. A departmental executive will pass the idea up to the vice-president in charge after he has investigated costs, manufacturing problems, and other points.

Once the idea is in the hands of a vice-president, he institutes another checkup on his own level. Then, if he feels the proposal is sound, he will recommend it to the administrative committee.

P&G emphasizes teamwork, including that of the Deupree-McElroy team at the top. The big exception is in selling and advertising. The strongest competitor one P&G "brand man" may have is another P&G man at another desk.



PRESENTS

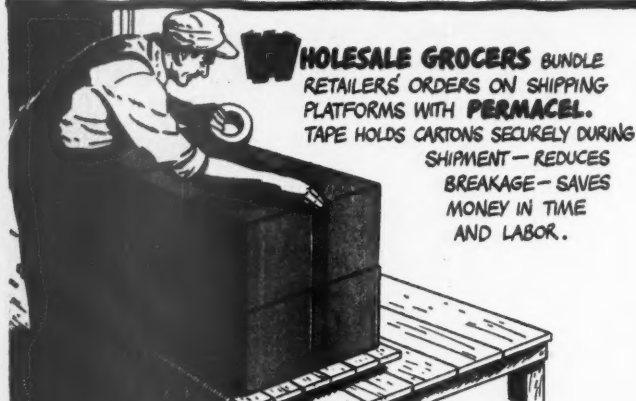
The fast  
Freight



Unicef



## HOW ~~TAPE~~ HELPS INDUSTRY SAVE TIME, CUT COSTS...



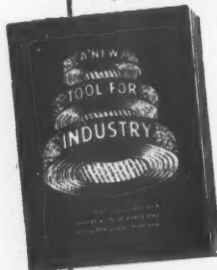
**WHOLESALE GROCERS** BUNDLE  
RETAILERS' ORDERS ON SHIPPING  
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TAPE HOLDS CARTONS SECURELY DURING  
SHIPMENT—REDUCES  
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STRIP **PERMACEL** ON TOP OF  
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WALLS. **TAPE** STRIPS OFF EASILY—  
SAVES TIME—ASSURES BETTER PAINT JOB.



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Whatever your business, chances are you'll find the facts, figures and pictures in this 12-page booklet will help you cut costs! Just drop a note—on your business letterhead, please—to Dept. 66 at the address below for your copy.

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## INDUSTRIAL TAPES

INDUSTRIAL TAPE CORPORATION • NEW BRUNSWICK, N. J.

## DEFENSE BUSINESS

### Amortization Rush

Washington swamped with requests for five-year tax amortization blanks. Four qualifying categories set up.

The National Security Resources Board found itself busier than a one-armed paper hanger this week. Businessmen were swamping the agency with demands for application blanks and information on quick tax amortization of defense facilities.

• **Deluge**—Forewarned by hundreds of inquiries over the last fortnight, NSRB set up a separate office to handle the forms. It also advised all comers that the papers could be obtained from the Commerce Dept. and its field offices in major cities. But within a few hours NSRB had run out of applications and was pressing the printer for a fresh supply.

It was plain that businessmen figured the chance to amortize new defense facilities over five tax years was a wonderful bet—despite what the government financial experts said. From the President's Council of Economic Advisers to Treasury people, the experts warned: Think twice about five-year amortization; you may wish you had some amortization credits left when you have to pay your taxes six years from now (BW—Oct. 21 '50, p. 61). But no one paid much attention.

• **Cinch**—And it looked as if it would be as easy to get accelerated amortization this time as it was in World War II. Then, 20,000 out of 24,000 applicants got necessity certificates.

True, there's a bit more red tape this time. You can't go to a single authority (it was WPB in the latter months of World War II) and get all your problems ironed out. Your application goes first to NSRB. There it's sorted and sent to the proper mobilization agency. If you are building an oil refinery, for example, it will go to the Interior Dept. Interior then will go over the application, probably call you in to talk it over.

The other mobilization agencies will act in the same way—Agriculture for farm machinery and equipment; Interior for oil, electric power, natural gas, and solid fuels; Commerce for most other industrial plant. If one of these agencies O.K.'s your application, it goes back to NSRB. Symington's people may still turn you down, but it's not very likely. If they don't, your necessity certificate is sent to the Bureau of

**ANTARA PRODUCTS**  
GENERAL DYESTUFF CORPORATION

435 HUDSON STREET  
NEW YORK 14, N.Y.  
WATKINS 4-0800

**One new business card  
now bears  
two familiar names**

As of October 1, 1950, Antara Products — General Aniline & Film Corporation was merged with the Organic Chemicals Division of General Dyestuff Corporation . . . The new Antara Products Division of General Dyestuff Corporation, thus formed, will coordinate and handle the sales and service of all chemicals and allied products made by the General Aniline Works Division of General Aniline & Film Corporation.

Extensive research facilities have always supported each of these former divisions. Through the amalgamation, the research and service facilities are infinitely strengthened — to an extent that must benefit all present customers of either firm.

You are invited to call upon us for any

requirements in the broad field of surface active agents—Anionic, Non-Ionic or Cationic—detergents, wetting agents, emulsifiers, dispersants, foaming or anti-foam agents, textile finishing agents, etc.

Your inquiry will bring a prompt response — without obligation — as to whether one of the Antara surfactants may make your product easier to sell or less expensive to make. We are also interested in the cooperative development of new products. Kindly address your inquiry to Department 62.

**NOTE:** The Dyestuff Division will continue to operate as before, without change in personnel or policy.

**ANTARA. PRODUCTS**

DIVISION OF

**GENERAL DYESTUFF CORPORATION**


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**GERLINGER**  
LIFT TRUCK  
Stores in  
"SUPER INCH"  
PIPE JOB



Unloading three 50-foot sections of 34-in. diameter steel pipe is a "chore" for this Gerlinger Lift Truck. Pipe is for "Super-Inch"—world's largest natural gas pipe-line project, between California and Texas.



The 3 sections, weighing 18,880 lbs., are handled like toothpicks by the Gerlinger Lift Truck equipped with a Gerlinger-manufactured Hydraulic Grab Arm attachment.

Gerlinger Lift Trucks are winning "Oscars" in many unusual real-life material handling jobs. They're custom built to move material faster, cheaper—with less maintenance. For the complete story write for your copy of Catalog No. 165, showing full line of Gerlinger Lift Truck models from 4 to 9-ton capacity.

**GERLINGER**  
CARRIER CO.

G-238  
GERLINGER CARRIER CO. • DALLAS, OREGON

Internal Revenue, and you can take a tax credit for the first year after you get your new plant.

• **Who**—NSRB's regulations limit necessity certificates to four general categories of applicants:

(1) Those building, revamping, or buying facilities or furnishing services directly needed to supply the armed services, civilian defense, the Atomic Energy Commission, or the arms-aid program.

(2) Those furnishing materials or services needed in defense production—like suppliers of component parts.

(3) Those whose activities are necessary to the operation of the defense program—transportation services, etc.

(4) Those whose plants or services are "otherwise necessary" to defense—an open-end classification.

NSRB chief Symington recently told reporters faster amortization should be available to expand "necessary civilian production and services," too. This probably means you can get a necessity

certificate for increased production of virtually any nonluxury civilian need.

• **By the Yard**—But the lengthy application form—a 3-ft. sheet to be filled in in triplicate, together with six copies each of separate detail and summary forms—makes it clear you'll have to justify your request fully. Standards of need for new facilities, whether for weapon components or computing machines, will hinge on present and prospective production capacity, nationally and locally.

• **Purchase**—You will have trouble getting a certificate for purchase of facilities already in operation under other ownership. Then, you will have to prove you will substantially increase the usefulness of such facilities, or that a real loss will result if you don't buy them.

The cost of any facility completed or purchased after Dec. 31, 1949, may be covered. If it was built or bought before Sept. 23, 1950, your application must be sent to NSRB by next Mar. 23. Otherwise, you must file within six months.

## Squeeze on Consumers Begins

New NPA order sets up procedure for getting steel into essential civilian uses. Conservation orders will limit end use of nonferrous metals and construction materials.

Materials suppliers, manufacturers, wholesalers and distributors all have felt the pinch of industrial controls. This week it became apparent the consumer soon will have to take his turn.

• **Cutbacks Coming**—Already hit by preliminary doses of credit restrictions, the draft, and higher taxes, the man in the street is getting close to cutbacks of consumer goods. The cutbacks will be indirect—direct consumer rationing still is over the horizon. There simply won't be enough steel, aluminum, and other basic materials left over from defense and other essential requirements for all the cars, appliances, and gadgets consumers want.

You could see that in the latest batch of industrial controls flowing out of the National Production Authority.

• **Steel**—Take steel, for example. First, NPA expanded its three-week-old order M-1, channeling steel into rated defense (DO) orders. The change provided a procedure to get steel into other essential projects that don't qualify for DO ratings. NPA will call these "scheduled programs" and "certify"—as distinct from the "rating" given DO contracts—their steel needs.

The first scheduled program came quickly. It called for up to 310,000 tons of steel products per month for construction and repair of freight cars.

• **Excuse**—Significantly, NPA specified that a steel supplier having his

full quota of DO orders would not thereby be excused from accepting a certified order from a freight-car builder. Thus certified orders will be an additional load atop DO-order demands for steel.

NPA can force producers to take certified orders on the same basis that they must take rated orders. But force won't be necessary. Mill operators already have agreed not to try to duck. The orders just provide producers with something that they can show their regular customers to explain why their "nonessential" orders must be pushed back.

The 310,000 tons per month assigned for freight cars and the 15% of production reserved for DO orders do not add up to a painful pinch of steel. But there are other scheduled programs coming—certified orders for steel warehouses and for ore-boat construction. Eventually, there will be an oil pipeline program, perhaps heavy electrical equipment and others. All these could put a slow freeze on nonessential steel users.

• **Other Metals**—Cutbacks on nonessential use of other metals are even closer. NPA drafted an M-1 type order to nail down a percentage of aluminum, copper, and nickel production for DO orders. But these metals already were so scarce that NPA decided to make them the subject of its

## BUILDERS OF THE BRASS INDUSTRY



### ROGER ELIOT GAY

(Tenth and Present President of BRISTOL BRASS)

... Wartime and peacetime leader who put Bristol on the national Brass map ...

Who modernized and humanized production, sales, and public relations ...

Who achieved balanced distribution ... Who first set and then met his own specifications for a "financially strong, physically healthy, and aggressive company"

Youngest president in Bristol history, Roger Gay took this chair (which he has hardly had time to sit in, since) in 1943, after several years as sales manager and vice president. Always willing to learn from older heads in the business, he stimulated ideas in the minds of his associates ... and built more and more solidly on the foundations laid by the nine preceding presidents.

In the war years, he served on any committee or any organization that would help

the Brass industry to do a better job for the armed forces. And when the war ended he went out and worked with the salesmen on the road, learning how to sell all over again. In the process, he balanced the sales set-up, improved and increased distribution of Bristol Brass sheet, rod and wire ... established new warehouses and sales offices ... built a new school of sales trainees ... and, in many other ways, made Bristol Brass a young, aggressive, hard-hitting, fast-moving organization ...

with (as has so often been said) *not an ounce of stuffing per shirt!*

Today, Bristol has a modern establishment, with a continuous casting machine in daily operation, and a new 4-high mill about to be installed. So it goes the same way today as it did 100 years ago ... *but even more so* — for if you want your Brass fast, tight, and with no red tape, you can get it that way here — *faster and better than ever before!*

One Hundred Years of BRASS made "BRISTOL FASHION"

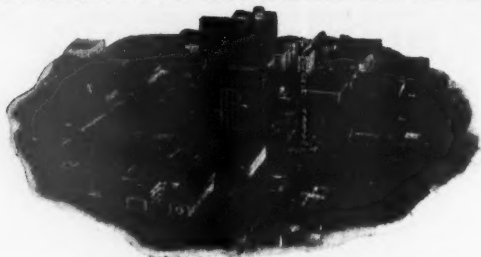
*Like the world-famed merchant ships from Bristol, England ... Always prompt, shipshape, reliable*

The BRISTOL BRASS CORPORATION, makers of Brass in Bristol, Conn. since 1850





## American Blower . . . a time-honored name in air handling



Omaha is another city with a conveniently located American Blower Branch Office to provide you with data and equipment for air handling. You can reach American Blower in Omaha by calling Atlantic 7464. In other cities, consult your phone book.



### CUSTOMER COMFORT . . .

In Omaha, or in your home town, customer comfort is getting more and more attention from sales-minded store executives. Many have already learned that American Blower Sirocco Fans make a big difference. Their multiblade fans are unexcelled both in quietness and compactness. They require less space than other fans of equal capacity and are available in a complete range of sizes and arrangements. Write for our Bulletin A-801 for specifications and data or contact our nearest branch office.



### SAVE ON FUEL . . .

Fuel savings alone often will pay for a new heating system when you replace obsolete equipment with American Blower Unit Heaters. For example, a

manufacturer of specialty equipment converted only half his plant to unit heater operation. Fuel savings were so great that he found he could convert the other half and pay for the system in 3 years with the fuel savings alone. American Blower carries a complete line of Unit Heaters, including self-contained gas-fired models and models for steam or hot water heating systems, wall- or ceiling-mounted.



### MINIMIZE DUST . . .

With increased emphasis nowadays on dust and smoke prevention in cities and factories, here's a case history that may interest you. A manufacturer in Detroit had a dust problem in his plant and called on American Blower for advice. We were able to show him that with an American Blower Dust Collector he would not only be rid of the dust nuisance, but at the same time would recover valuable materials from the air. He appreciated our on-the-spot service. We appreciated his order.

### LOOK US UP . . .

No matter what business you're in or what your requirements are, if it's heating, cooling, drying, air conditioning or air handling—you can count on American Blower Equipment to do the job. Phone or write our nearest branch office.

AMERICAN BLOWER CORPORATION, DETROIT 32, MICHIGAN  
CANADIAN SIROCCO COMPANY, LTD., WINDSOR, ONTARIO

Division of AMERICAN RADIATOR & Standard Sanitary CORPORATION

YOUR BEST BUY

# AMERICAN BLOWER

AIR HANDLING EQUIPMENT

*Serving home and industry*

AMERICAN STANDARD • AMERICAN BLOWER • CHURCH SEATS • DETROIT LUBRICATOR • KEWAUKEE BOLLERS • RUSS HEATER • TORAWANDA IRON

first conservation orders. These will cut back non-DO use by 20% to 30%. Users of the metals will not be told what they may make with the 70% to 80% left to them. But the conservation orders clearly indicate a slash in production of everything containing aluminum, copper, or nickel components—from ashtrays to refrigerators.

Less significant to nondefense producers was the looming freeze on cobalt for any but defense requirements. A similar order last week reserved all columbium steel, for DO orders. Both orders affected chiefly the production of hard steel, most of which would be going into military equipment anyhow.

• **Construction**—And construction men growled loudly—and effectively—at NPA because of its long-expected ban on amusement-recreational-type building last week. There wasn't much squawk about the prohibited list of 44 categories of structures, from ball parks and bowling alleys to night clubs, skating rinks and theaters. The ban applied to none on which construction had been started. What gripped the building men was the NPA policy statement in the M-4 order.

NPA promised that more types of construction will be added to the banned list when necessary to save scarce materials. But there will be no period of grace—NPA will stop projects under construction forthwith.

M-4 specifically exempted only: (1) maintenance and repair of any structure—but not remodeling or restoration; (2) jobs costing no more than \$5,000; (3) reconstruction of any structures destroyed by a disaster; (4) Defense Dept. and Atomic Energy Commission projects.

This left any construction job not on this select exemption list in jeopardy—even if it was not a banned project, builders said. They wanted some assurance that they could go ahead on contracts to build offices, stores, other presently unrestricted jobs without running into a stop order in midconstruction.

• **Second Thought**—NPA never intended to stop industrial plant expansion, hospitals, schools, and other essential construction. So it swiftly undertook to revise its policy statement. But it was not inclined to give any assurances for borderline jobs—such as department stores, garages, even some public construction that it considers nonessential. Eventually, the agency plans to take a preliminary look at such construction and pass on each job. But this will require much more staff than NPA now has—or is likely to have in the next few months.

Nor does NPA expect to put a check-rein on housing construction. That's the bailiwick of other agencies.



# 150 MILES of NEW FREIGHT CARS

***Biggest order in Railroad History!***

## **15,000 NEW ALL-STEEL FREIGHT CARS...**

enough to form a solid train extending from Washington to Philadelphia and beyond!

Just what industry is calling for as production speeds up everywhere . . . 6,250 box cars, 8,750 gondolas!

Nearly 7,000 of these new cars are tagged for delivery before the end of the year—most of the others to be ready in the first quarter of 1951!

That's the Pennsylvania Railroad's order to car builders as it expands its vast freight fleet and

facilities to keep pace with the growing demand for railroad transportation.

Freight car builders say this is the largest order of its kind ever placed by one railroad. Including the cost of these 15,000 cars, \$81 million, the Pennsylvania Railroad is investing more than \$100 million this year in newer and better freight cars.

Greater efficiency is today's goal of industry. The Pennsylvania Railroad is cooperating to achieve this objective.



## **PENNSYLVANIA RAILROAD**



**Go by Train . . . Safety—with Speed and Comfort**



## *Helping the world get its bearings*

ALL THE WORLD MOVES ON BEARINGS—bearings of steel, of wood, of plastic, of rubber, of carbon, yes, even bearings of ruby and sapphire. All of them reduce the friction of moving parts. Every time you start your car or plug in your vacuum cleaner it is bearings that make possible smooth, efficient action at a variety of speeds and under almost any operating load.

Great roller and ball bearings of special alloy steels, running on their own smooth tracks, support our giant locomotives. Small bearings that fit in the palm of your hand are vital to your lawn mower, your washing machine motor, your mixer. And bearings, known as jewels, of ruby and sapphire, smaller than the head of a pin, increase the precision of your watch.

Other materials bring you other kinds of bearings, too.

Carbon provides bearings in special cases where chemicals would attack metals. And in many ships the propeller shaft turns in plastic bearings that are not affected by salt water.

The people of Union Carbide have a hand in providing better materials that go into bearings of all sorts. Perhaps they can help solve your problems with materials of these or other kinds.

**FREE:** If you would like to know more about many of the things you use every day, send for the illustrated booklet "Products and Processes." It tells how science and industry use U.C.C.'s Alloys, Chemicals, Carbons, Gases, and Plastics. Write for free booklet G.



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*Trade-marked Products of Divisions and Units include—*

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 ACHESON Electrodes • PRESTONE and TREK Anti-Freezes • SYNTHETIC ORGANIC CHEMICALS • PREST-O-LITE Acetylene

# MARKETING

## What Worries Marketing Men

Specifically, it's allocations and shortages. But over-all, it's the uncertainty of the whole selling picture today. Credit curbs both dealers, but many manufacturers take them in stride.

Eventually, you can learn to live with either a buyers' or a sellers' market. But getting along in the interim period is something else again. As marketing men are now finding out, it's a delicate operation to shift from one to the other.

What we have now is neither a peacetime nor a wartime economy. Its chief characteristic is uncertainty. As a consequence, the marketing man is not so much worried by immediate problems as by what's around the corner.

• **Shortages, Allocations**—Last week BUSINESS WEEK made a nationwide survey among marketing men. It found, as you might expect, that the uppermost problems in their minds are shortages and allocations.

For the most part, marketing men are concerned with how to allocate fairly and still keep the goodwill of customers. A southern steel company complained that the problem is now made harder by the government's DO-orders, which force even deeper cuts in customers' allocations.

There's more than goodwill at stake, of course. A midwest machine company is worried about its distributors. Most of them made a considerable investment in postwar expansion; they have to do a bigger sales volume than ever to operate profitably. The company reports that a lot of its distributors are naturally getting jittery.

• **Bearing Up Well**—But it was other things that cropped up—or didn't crop up—in the interviews that gave the tip-off to the marketing man's present state of mind.

Judging from the things they didn't say, you gather that marketing men as a whole are taking today's conditions pretty much as they find them, not caviling at fate. Only one or two blame government policies for the uncertainties facing them. The auto industry is the big exception to this: It's pawing the air madly because of the new credit restrictions (BW—Oct. 28 '50, p21). Appliance dealers also are uneasy, but the sales managers of the big manufacturers aren't fretting too much.

• **Run-down**—The major worries—outside of downright shortages of goods—are: (1) the possibility of losing sales staffs to the armed services; (2) the effect of high prices on buying; and

(3) the difficulty of planning ahead.

The fear of losing salesmen ranks high among worries, even though the new military-reserve policy (BW—Oct. 28 '50, p20) has helped ease some minds. There's an ironic twist to this. After the war, when companies began to build up their ravaged sales forces, they naturally drew upon younger men just out of the services. Today, of course, many of these same men are reservists and are in danger of being called back.

One carpet company, for instance, had an intensive postwar training program. Its sales force now is about two-thirds younger men. The worst of it, says its vice-president in charge of sales, is that there's no way of knowing how to plan. How long will the men it loses stay in the services? How many new men should be trained?

• **No Answer**—The second question depends largely on what happens to sales. And here again marketing men face an uncertainty.

Company after company worries over the effect of increasing prices (BW—Oct. 28 '50, p21). A southern manufacturer of beds reports that "retailers say customers are beginning to show reluctance to higher prices." It thinks that this will hurt business in the long run. A major stove manufacturer thinks that higher prices and credit restrictions together will reduce its market by 25% next year. A paint manufacturer says he's "afraid to pass on increased costs for fear of killing the goose that lays the golden eggs."

• **Pricing**—Future pricing policies also worry marketing men. "How," as one southern textile-machinery manufacturer puts it, "can we determine price six months or a year from now when everything is going up in cost?" This puzzle has produced some real headaches—and some novel answers. In order to handle pricing for the St. Valentine's Day market, a candy company has changed the legend on its cellophane bags. The bags used to advertise 10 oz. for 29¢. The bags now being printed read 29¢ for "8 oz. or over."

Today's market is not only uncertain, it's screwball. A man who owns a skirt company says he is able to buy some rayon goods at way less than the cost

## Big Savings BY ELWELL-PARKER TRUCKS

Saves \$20.65 per car unloaded—by eliminating wasted labor with E-P truck that readily handles and tiers 2500 lb. Master Unit Loads of sheet steel.

Saves \$44 daily using "Air Rights"—all overhead waste is profitably used by warehouse whose E-P trucks safely high tier palletized barrels.

Saves \$41 per car by palletization—after supplier palletized bags, an E-P truck soon repaid its cost by fast unloading. Bag breakage also eliminated.

These trucks repaid their cost 3 times in the first year!

### FREE BOOKLET

on Scientific Materials Handling tells how you can make notable savings. Ask for "Industrial Logistics". Write The Elwell-Parker Electric Co., 4001 St. Clair Avenue, Cleveland 3, Ohio.



## ELWELL-PARKER

Power Industrial Trucks  
Since 1906

# NOW...A SCRUBBER-VAC FOR SMALL-AREA BUILDINGS!



## Cuts Floor-Cleaning Time 2/3!

- Specialty designed for buildings with 2,000 to 15,000 sq. ft. of floor space
- Applies the cleanser, scrubs, rinses, and picks up in ONE operation
- Can be used for BOTH wet and dry work
- Self-propelled — operator merely guides the machine
- Can be leased or purchased (leasing budgets cleaning expense)

Now the labor-saving advantages of combination-machine-scrubbing are available to small as well as larger buildings. With the new 418P Finnell Scrubber-Vac, small-area buildings can clean their floors in approximately one-third the time required with a conventional 15 or 18-inch polisher-scrubber using separate equipment for pickup. A Finnell Scrubber-Vac speeds cleaning by handling four operations in one! It applies the cleanser, scrubs, rinses, and picks up (damp-dries the floor)—all in a single operation.

The new 418P Scrubber-Vac handles the dry work (polishing, et cetera) as well as the scrubbing. Embodies all the refinements of Finnell's larger combination machines. Has 18-inch brush ring. The vacuum performs quietly.

### FREE DEMONSTRATION ON YOUR OWN FLOORS!

See what you would save with a Finnell Scrubber-Vac. Finnell makes several models and sizes. For demonstration, consultation, or literature, phone or write nearest Finnell Branch or Finnell System, Inc., 3811 East St., Elkhart, Ind. Branch Offices in all principal cities of the United States and Canada.

## FINNELL SYSTEM, INC.

Pioneers and Specialists in  
FLOOR MAINTENANCE EQUIPMENT AND SUPPLIES

BRANCHES  
IN ALL  
PRINCIPAL  
CITIES

a few months ago. This is despite the fact that new goods coming on the market will cost more than ever. The reason for low prices on some current offerings is the heavy inventories laid in by converters and mills, which now have to be unloaded.

• **Inventories**—Heavy inventories in the hands of wholesalers and dealers worry some other industries, too. A major kitchenware maker knows that sales of kitchenware simply haven't kept pace with buying by the trade. It is making extra promotional effort to get people to buy.

But you also find some reverse twists on the inventory problem. A big shoe company complains that dealers don't buy enough at a time or far enough ahead. The reason: Increased prices of shoes make it impossible for dealers to stock up sufficiently at any one time.

• **Unpredictable**—All in all, though, it's the uncertainty of the marketing world today that bothers most people. An executive of a materials-handling company summed it up when he said: "What if war production does take, as now predicted, 10% or 15% of output? That leaves a lot of civilian output—much more than after 1940, because capacity has been doubled or more since then. If prices spiral so high that customers can't afford to replace old machinery, we're out of luck."

## MARKETING BRIEFS

Beer seems to be in the same boat with cigars and hats—the younger generation isn't enthusiastic. Research Co. of America's survey of the brewing industry shows that per capita beer consumption is still less than the peak of 21 gal. reached in pre-prohibition days. Main reason: "unfamiliarity with the taste of good beer."

Maine's sardine industry is getting set to widen markets and increase sales. The state legislature will be asked to put a tax on every case of Maine sardines packed, the proceeds to be used for advertising and promotion.

A phone call to Operator 25 at the nearest Western Union office will help the driver of a GMC truck find the closest GMC-approved service point. It's the first service of its kind in the trucking industry, says GMC, which will pay the cost of the system.

Cooperative ad abuses have been hit by the Assn. of National Advertisers. It says more and more retailers charge manufacturers for advertising space "at higher costs than they actually pay, thus violating their agreements to share costs on a net basis."

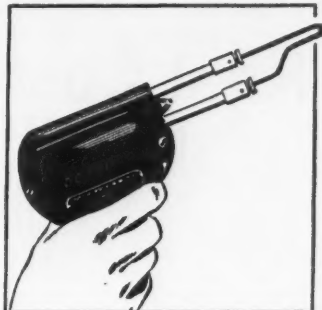


## BUSINESS IN MOTION

### To our Colleagues in American Business ...

Temper or hardness is one of the important physical characteristics of a metal, because it affects both manufacturing processes, and the service given by the finished product. Manufacturers are generally aware of this fact, and the more complicated the piece and the fabrication methods, the more attention is paid to temper and annealing. However, it is often the case that an apparently simple part may require equally thorough consideration. Such was the case with an electric soldering "gun," which uses a  $\frac{3}{8}$ -inch copper rod as the secondary of the transformer and a smaller rod for the tip. It is necessary for the rod to be sufficiently rigid, yet at the same time it must be soft enough so that during fabrication, involving shearing, coining and bending, the metal will not break, split or crack. A certain temper of rod was tried, and became twisted during fabrication, which made it difficult to assemble and interfered in other ways with the manufacture and use of the device. The cure turned out to be a slightly harder temper, hard enough to prevent the twist, but not hard enough to result in fractures during fabrication. Proper temper was the key to a perfect job, not only for the transformer secondary, but also for the soldering tip itself, which likewise has to be coined, punched, and formed into the necessary shape.

Says the manufacturer: "In addition to being extremely helpful in arriving at the proper tempers, Revere also recommended that we specify our rod in multiple lengths, and thus save considerable on scrap. They were also helpful in solving the problem of attaching the brass sleeve to the secondary rod."



The users of the soldering gun of course have no idea of the amount of testing and investigation that was necessary in order to make the device practical and advantageous for them. This is true of practically every product, whether it be a super-accurate laboratory balance for which Revere may supply metals, this soldering gun, or an automobile which may contain many pounds of Revere Copper, Brass and Bronze to assure satisfactory operation.

The point of this story is that Revere's interest in your problems by no means ends with the receipt of an order. It may well precede the order, and be maintained through very practical cooperation until you, as well as we, are convinced that the requirements of manufacture and use have been met to the maximum degree. This practice of cooperation between suppliers and manufacturers is rather common throughout industry. The paper mill and package maker will gladly work out with you the best material for your packages, for example. If you buy chemicals, the chemists may come up with something better or cheaper for your purposes, or suggest an advantageous shift in processing. There are many different types of rubber and rubber-like substances, and of glass, wood, plastics. You cannot be expected to know all about everything you buy, nor is it necessary. Simply permit your suppliers to work out with you, in full knowledge of your problems, the specification and fabrication of the material best suited for your needs. No matter what you make nor from whom you buy, the opportunity to benefit by the knowledge of your suppliers is always open to you.

### REVERE COPPER AND BRASS INCORPORATED

Founded by Paul Revere in 1801

★ ★ ★

Executive Offices:

230 Park Avenue, New York 17, N. Y.



**STEEL MILL** Max Hess, young president of Hess Bros. department store, shows workers at Lehigh Structural Steel plant what the ladies are wearing. Judging from the response in the audience, the workers catch on.

## Where the Real Customers Are



### CLOTHES

Range from sportswear to dressy.

Max Hess, promotion-minded president of Hess Bros. department store in Allentown, Pa., has some pretty salesgirls. He also has some theories: If you want to sell fashion, take it to your customers. And if your real customers are in a steel mill or a farmyard, that's the place for a fashion show.

The steelworkers may not buy any dresses. But they'll look. And if they see a snappy number that would look good on the little woman, she stands

a better chance of getting it. At least Hess Bros. has earned some goodwill.

Putting a fashion show on the road is inexpensive, the way Hess does it. Five girls—all store employees—and the clothes they will model are tucked into one of the store's delivery trucks. A second truck carries portable runways.

The caravan pulls into a plant at lunch time or when shifts are changing. The runways are set up at the tailgate of the truck, while, inside, the models



### MEN

At Heilman Boiler Works ogle the five models, hoot when Hess comments, "Slit skirts and plunging necklines weren't designed for bridge parties."



## FARM

In Pennsylvania farm country, show makes a hit.

are changing clothes. A sound truck provides music (recorded); the tailgate opens, the girls step onto the runway, and the show is on. Hess keeps up a running patter about the clothes, prices.

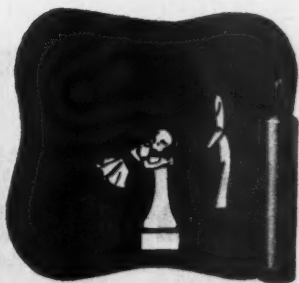
This is only one of the merchandising wrinkles that help bring Hess Bros. sales to \$15-million a year—in a town of 100,000. Out-of-town customers and a wide trading area help.

A recent Hess venture is the "Club Plan" for silver, china, and cosmetics. Silver can be bought for 33¢ a week per place setting. Hess' first promotion, in the Philadelphia Inquirer, brought in \$30,000 in silver sales in one week.



## GIRLS

All store employees, travel, change in delivery truck.



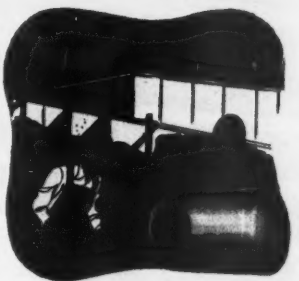
## WATER SUPPLIES ARE PURIFIED

By chlorine. This important chemical keeps our modern water systems safe from contamination. And this gas is transported and stored safely in Hackney Chlorine Cylinders.



## BRILLIANT, LASTING COLOR FOR STREAMLINED BEAUTIES

... Modern paints give today's automobiles added eye-appeal and sales-appeal. And these paints are kept clean and uncontaminated by Hackney Removable Head Drums in storage and transit.



## AMERICA'S HOUSING ON FIRM FOUNDATION

Efficient, cost-saving construction equipment is used to pour basements, foundations, driveways, etc. This lightweight, durable Hackney Water Tank is used on concrete mixers and pavers.

# HACKNEY PRODUCTS

provide better,  
more efficient  
service

—in vastly diversified  
markets

Here are just a few of the many industries which depend on Hackney Products. A manufacturer in one industry may need cylinders, another may order drums, still another call for a special shape or shell. But all users in these vastly diversified industries have learned the competitive advantages of Hackney Deep Drawing—light weight, greater strength, longer life, improved appearance, etc.—and insist on them for their products.

Whether you require cylinders, drums, barrels, kegs or special shapes and shells, you can benefit from Pressed Steel Tank Company's experience and manufacturing facilities—almost 50 years of specialized knowledge of metals and of the properties of gases, liquids and solids. Write for full details.



## PRESSED STEEL TANK COMPANY

Manufacturer of Hackney Products

Main office and plant: 1493 S. 64th St., Milwaukee 14, Wis.  
1397 Vanderbilt Concourse Building, New York 17, N. Y. • 207 Hanna Building, Cleveland 13, Ohio  
936 W. Peachtree St., N.W., Room 115, Atlanta 3, Ga. • 208 So. LaSalle St., Room 789, Chicago 4, Ill.  
555 Roosevelt Building, Los Angeles 14, Calif.

CONTAINERS FOR GASES, LIQUIDS AND SOLIDS

Most Penetrating Survey of Farm

# Country Gentleman has

## COUNTRY GENTLEMAN HAS GREATER IMPACT THAN THE OTHER FARM MAGAZINES

To determine preference, 6 different questions were included in the survey. Country Gentleman was overwhelmingly rated first over the 5 other farm magazines surveyed:—

FARM JOURNAL • SUCCESSFUL FARMING • CAPPER'S FARMER • PROGRESSIVE FARMER • FARM & RANCH • SOUTHERN AGRICULTURIST



*The best people in the Country  
turn to Country Gentleman*





# Magazine Readership Ever Made . . . Shows Why

## GREATER POWER TO MOVE PEOPLE GREATER POWER TO MOVE GOODS

**A**DVERTISERS have discovered in recent years that Agricultural America is the nation's richest source of profitable new sales. How farm magazines compare in selling power has now assumed major marketing importance.

Circulation is one important measure—and Country Gentleman alone, reaching 2,300,000 prosperous families at the lowest milline rate in its field, provides efficient coverage of the best farm customers throughout the national market.

But a magazine's circulation must be evaluated in relation to its impact—for the advertiser's objective is to obtain numbers of people who are impressed by a message.

What happens after a magazine enters the home? How is it read? What does it do for readers? How do they compare it with other magazines they receive?

### **A New Measure of Impact**

Dependable answers to these questions about Country Gentleman have been found in one of the most extensive, penetrating and scientific studies of reading habits ever made in the magazine industry. It was

conducted by the distinguished probability-sampling experts of National Analysts, Inc.

They developed the best cross-section of all Country Gentleman homes that modern research can provide. Personal interviews in depth were made with 1,157 men and 1,258 women household heads in 1,362 subscriber families, selected by the list-probability method from the total subscription list.

### **A Re-Confirmation of Leadership**

The survey proves what many an advertiser has long sensed about Country Gentleman and explains why it has enjoyed for so long its present position of leadership: 1st among farm magazines—12th among all magazines—in advertising revenue.

The findings reveal that: (1) Country Gentleman is read regularly by 90.7% of the men, 94.4% of the women; (2) an issue is returned to for reading 5.2 times by men, 5.5 times by women; (3) an issue is read 3 hrs. 19 min. by men, 3 hrs. 13 min. by women; (4) every major editorial item in issue surveyed had been seen in 65% of homes; (5) 6 out of 10 men and women get useful ideas from it, and most can recall specific ideas; (6) 96.2% of families read the advertising, and most get useful ideas from it and can recall specific ideas. And they overwhelmingly prefer Country Gentleman to the other farm magazines, as the table at left shows.

That is why good advertising placed in Country Gentleman gets better attention—and better results.

See full story of results and survey details. Ask your Country Gentleman representative to show you presentation titled "After the Mailman Leaves."



Country Gentleman

THE MAGAZINE  
FOR  
BETTER FARMING  
BETTER LIVING

# Minus 20 POUNDS OF PUSH



## Plus 5 New Sales Features



### POWER PRODUCTS GASOLINE ENGINES

add important new sales advantages to the products they power. For example, utilizing fundamental design advantages found in Power Products engines, special models were developed for the rotary mower field having the following exclusive features:

- LIGHTER WEIGHT** — 20 pounds lighter than other engines of similar power.
- POSITIVE MIST-TYPE LUBRICATION** — dependable lubrication at any angle of operation.
- SIMPLIFIED MOUNTING** — with exclusive new third bearing flange.
- EASIER STARTING** — with high voltage magneto and full carburetion.
- SIMPLE MAINTENANCE** — precision engineered — fewer parts.

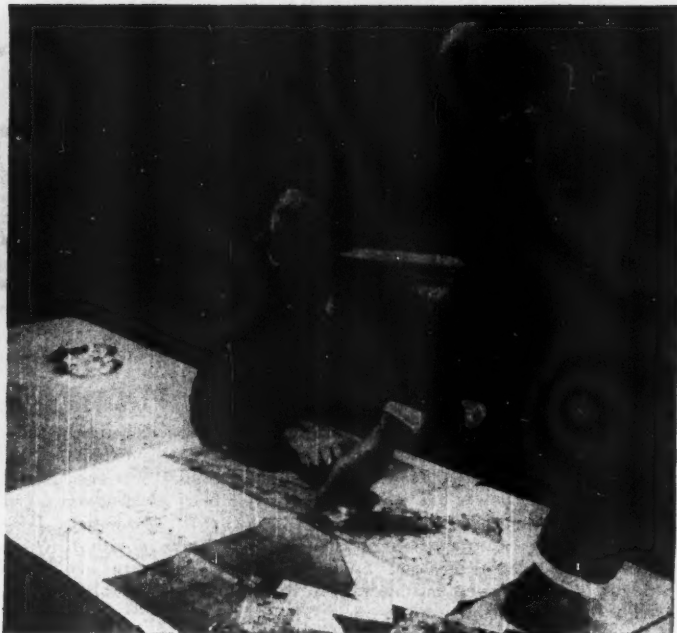
Your product too, may benefit sales-wise, performance-wise, economy-wise — with a Power Products Gasoline Engine.

Available in standard vertical and horizontal types, from 1 to 2½ H.P., Power Products engines can be custom-engineered to fit your needs. Write for information on our special engineering service.



**Power  
Products  
Corporation**

Grafton, Wisconsin Dept. B-11



A&S PRESIDENT Walter Rothschild shows Federated's Myron Silbert just where the new A&S store will be. Population growth is one key to a new location.

## Mapping a Retailer's Growth

Long a stay-at-home, Abraham & Straus department store starts its second suburban branch in same county. Business census figures, plus store surveys, persuaded A&S to make the move.

This week, Walter Rothschild, president of Abraham & Straus, was busy changing a tradition. Brooklyn's biggest department store is reversing its time-honored policy of staying in its own backyard.

The switch started when A&S bought the Garden City (N. Y.) branch of Loeser's, Inc. And it got into full swing with the announcement a few weeks ago that A&S would build a second Long Island branch store—this time in Hempstead (BW—Oct. 21 '50, p60).

One of the main reasons for the A&S move to the suburbs came from a big book of figures—the government's census of business. A&S and its parent company, Federated Department Stores, has been following the move of population from the city into the suburbs. The latest census figures nailed down the decision to go ahead with plans for the Long Island stores.

BUSINESS WEEK asked Myron Silbert, vice-president of Federated and its director of economic research, to tell how he and A&S worked with the census figures to locate the new stores.

**BW:** Can you give us a specific case history of how a member of Federated Department Stores used the census figures to locate a store?

**SILBERT:** Yes. As a matter of fact, we have a very recent example of it. But before we get into that, I want to call attention to a particular analysis in the latest census.

**BW:** That's the 1948 census of business?

**SILBERT:** Yes. It shows that 32 large metropolitan areas do two-fifths of the nation's retail business. In this report, sales in each metropolitan area are divided into two groups: sales in the central city and sales in the remainder of the area. This remainder corresponds

# Until you try new Westinghouse fluorescent lamps you have no idea how good your lighting can really be

Day-to-day advances in the design and manufacture of Westinghouse fluorescent lamps have led to these results: longer lamp life, uniformity in color, greater end-to-end brightness, and higher light output. These are the things that add up to *economical, top-quality* lighting. And they can be yours at no extra cost!



**LONG  
LIFE**  
RATED AVERAGE  
LIFE

**7 5 0 0  
HOURS**

Gives 2½ years of service  
in average installations.

Lamp Division  
Westinghouse Electric Corp., Bloomfield, New Jersey  
Gentlemen:

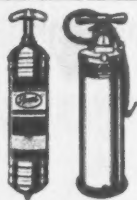
I would like complete information about Westinghouse fluorescent lamps.

Name .....

Company .....

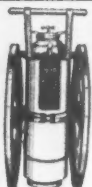
Address .....

B.W.



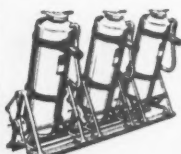
#### VAPORIZING LIQUID

The all-purpose extinguisher effective on almost every kind of fire. Safe on electrical fires, too. 1 qt. and 1½ qt. pump types; 2 qt. and 1 gal. pressure-operated types.



#### CHEMICAL FOAM

2½ gal. size produces about 22 gals. of fast-acting foam. Ideal for flammable liquid and ordinary combustible hazards. Also in 10 gal. and 40 gal. (above) wheeled units.



#### MANUAL AND AUTOMATIC SYSTEMS

Complete fire-fighting systems, using chemical foam or air foam. For storage tanks, dip tanks, loading racks, etc.



#### CARTRIDGE-OPERATED

Eliminates annual recharging. For fires in wood, paper, textiles, etc. Shoots water or antifreeze solution. 2½ gal. size.

ALSO AIR FOAM, SODA-ACID, PUMP TANK, AND OTHER EXTINGUISHERS

# Get the RIGHT Pyrenes for the RIGHT places

• Buy them the reliable, prompt, economical, easy way—from your local PYRENE jobber.

Not all fire hazards are the same. That's why PYRENE® builds a fire extinguisher for every kind of hazard. You can buy them all from one source of supply—your local jobber. That way, you get immediate delivery, you pay no freight charges, and you deal with an established business right in your own community.

Whether it's a hand extinguisher or automatic system, every PYRENE is precision-made for sure protection. PYRENE is a name you can trust, a product you can always rely on. Write for address of your local PYRENE jobber.

© T. M. Reg. U. S. Pat. Off.



"The census figures will be used to study expansion of departments."

to the suburban area of those communities. Now, from this report, we were able to confirm a trend on which we had done considerable work—that retail sales in the suburban areas were growing faster than in the central areas.

**BW:** This was a continuing study?

**SILBERT:** We based this study on previous census reports and on spot surveys in many cities. We used the 1948 census of business survey because it was up to date and was an actual total of all the business done in every store in the areas. The census showed the great increase in suburban counties. We were particularly interested in the suburban counties in the New York metropolitan areas.

**BW:** Why?

**SILBERT:** Mr. Walter Rothschild, president of Abraham & Straus, has been studying the population and retail sales trend in downtown Brooklyn as compared with Nassau county and Suffolk county on Long Island. It has been very evident that population has been pushing outward. The most recent population census shows that the population gain in Nassau county is 64% for the period of 1939 to 1948. During the same period, Kings county, which is downtown Brooklyn, increased only seven-tenths of 1%.

**BW:** After he saw these surveys, what did Mr. Rothschild do?

**SILBERT:** From the population census, plus the census of business retail sales, he found that Nassau county's 1948 sales had increased 231% over 1939 sales. This greatly exceeded the sales in the borough of Brooklyn, which were 160%. The borough of Manhattan showed only 125% increase in sales.

Now this does not mean that suburban stores are going to do all the business. Downtown stores are very im-



**PYRENE MANUFACTURING COMPANY**

577 Belmont Avenue Newark 8, New Jersey

Affiliated with C-O-Two Fire Equipment Co.





YOU CAN GET A COLOR ENLARGEMENT OF THIS ILLUSTRATION BY WRITING NEW ENGLAND MUTUAL, COPLEY SQUARE, BOSTON.

## SEASONAL CHANGES AND THE FUTURE OF YOUR BUSINESS

There's a reminder to all executives in the dramatic color changes that herald each new season. A reminder that all things — families, people, businesses — constantly change, particularly in times of national stress. Some changes are severe. The unexpected death of a partner or key man, for instance, may mean serious losses, or in some cases liquidation of a going concern.

There is a way, however, to cushion the economic shock of this kind of change. It is New England Mutual's BUSINESS STABILIZATION PLAN, which the company has developed, and which fits partnerships, corporations and sole proprietor-

ships. It can prevent forced liquidations or undesired reorganizations. It can also predetermine by contract the terms of purchase and sale of a business, and peg its valuation for estate tax purposes.

These are some of the ways in which New England Mutual's BUSINESS STABILIZATION PLAN can go to work for you. One of our Advanced Underwriters — widely experienced and comprehensively trained specialists — can give you detailed information. A call to our nearest General Agency, or a note to the company in Boston, involves no obligation whatever.

### TRADITIONAL STRENGTH

*Through the crises, wars, epidemics and depressions of more than a century, New England Mutual has faithfully carried out its liberal policy guarantees to all policyholders.*

## The NEW ENGLAND MUTUAL

*Life Insurance Company of Boston*

FIRST MUTUAL LIFE INSURANCE COMPANY CHARTERED IN AMERICA—1835



## Nobody likes to pay for your mail!

"Postage due"... is irritating to the recipient, a pain in the neck to the postman... poor public relations for any firm!... A Pitney-Bowes Mailing Scale, with its precision built, long wearing, fast acting, automatic pendulum mechanism—is extremely accurate. Big, easy-to-read, widely spaced markings, and a hairline edge on the scale hand... never leave you in doubt as to the exact amount and cost of postage needed!... And speed up mailing as well!... Special 70 lb. model for Parcel Post... Call the nearest PB office, or write for free booklet!



### PITNEY-BOWES Mailing Scales

PITNEY-BOWES, INC.,  
1445 Pacific St., Stamford, Conn.

Originators of the postage meter... offices in 93 cities.



## GIGANTIC UNDERGROUND STORAGE USES Frick Refrigeration

Originally a limestone quarry, the Natural Cooler Storage of the U. S.



Frick Compressors with Motors Totalling 600 Horsepower, at Natural Cooler Storage.

Dept. of Agriculture near Atchison, Kansas, is one of the largest refrigerated warehouses in the world, having capacity for 3,000 carloads. A temperature of 32 degrees F. is held in the great cave by two Frick 4-cylinder compressors, driven by motors totaling 600 horsepower.

For that important cooling job of yours, specify Frick air conditioning, refrigerating, ice-making or quick-freezing equipment.

Get quotations now: write, wire, phone or visit



Also Builders of Power Farming and Sawmill Machinery



"There's a definite desire to move out in the open with garden surroundings."

portant, and they will continue to be important. They will grow, though not so fast as suburban outlets. But the combination of a strong downtown store with a suburban store carrying all the lines that make up a modern department store will give the customer the convenient service to which she is entitled.

**BW:** Why has Abraham & Straus lagged behind the trend toward suburban branches? They didn't have any branch stores until they bought the former Loeser store in Garden City, L. I.

**SILBERT:** Abraham & Straus has been expanding its downtown store. It took the first step in a major building program in 1927; it was planning another when the war interrupted it. The plan was resumed immediately after the war and was completed during 1946. The downtown store was rounded out, and more departments were added.

But at the same time, careful studies were being made of census and other information. It was only recently that we and Mr. Rothschild felt that the store's downtown expansion had progressed to a point where it was ready to expand in the suburban area.

**BW:** Did the Garden City branch just appear at the crucial moment, then?

**SILBERT:** A&S, together with Federated, had made studies of Long Island and had planned at least one outlet in Nassau county. We took advantage of the favorable opportunity that came up to purchase the Garden City store.

The store had a volume in the neighborhood of \$6-million. It was a complete department store, located next to a city parking area for 700 cars.

But A&S also found that the growth in Nassau county was dramatic enough to warrant launching still another store



"Downtown stores are very important, and they will continue to be important."

in that area. So it is planning to build a second department store—in suburban Hempstead.

**BW:** That's quite unusual for a store to have two stores so close, isn't it?

**SILBERT:** It is unusual—but so is Nassau county quite unusual, and so is its record of a 64% increase in population and a 231% increase in retail sales.

**BW:** Is that an unusually high increase for the country as a whole?

**SILBERT:** It is most unusual for the East, but it also compares favorably with the rapid increases in California.

**BW:** Why has Nassau county been growing so fast?

**SILBERT:** Its growth is a byproduct of many natural trends. One is the definite desire to move out in the open with garden surroundings, made possible by the opportunity to commute by automobile as well as train.

In addition, the change in methods of financing homes has led to a tremendous increase in new homes built for both the veterans and nonveterans. It's just another indication that the population of this country is still tremendously on the increase.

**BW:** You say the original plans were based on a study of the census figures. That was supplemented with other market research studies?

**SILBERT:** Yes. A&S' research department made detailed studies in downtown Brooklyn and in Nassau and Suffolk counties. It made surveys of customer traffic, commuter traffic, available real estate locations, and so on.

**BW:** What kind of store will the new one in Hempstead be?

**SILBERT:** It will be a complete department store with home furnishings lines as well as all apparel lines. The ground floor area will compare favorably in size with that of a big downtown city store. Each department will

## HERE IS THE BOOK

that  
tells you  
how  
to save

4  
/  
5

of your  
drafting  
room copying  
costs



with



## CLOTH REPRODUCTIONS

No longer is it necessary for the Drafting Room to spend time and critical manpower laboriously re-creating those old drawings and duplicating master plans.

Don't waste your critical Drafting and Engineering manpower.

Don't spend five times as much for something that is only half as good . . .

Write today for the booklet . . . "YOU HAVE SOME REAL MONEY COMING" . . . The complete story on POST Cloth Reproductions and how to take advantage of them in your operation.

## The Frederick POST Company

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Send for your  
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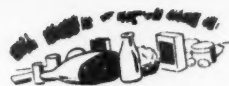
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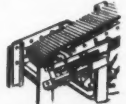
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CONVEYORS



"We are impressed with the helpful information the government furnishes."

have a huge assortment, and there will be many departments that you seldom find in a suburban department store.

**BW:** When will it be started?

**SILBERT:** Construction is to start in the very near future. A&S bought the land right in the main center of Hempstead and also the site for a huge parking area. The store will be one of the largest and most complete suburban department stores in the country.

**BW:** How close to Garden City is Hempstead?

**SILBERT:** Hempstead is approximately a mile and a half from Garden City. But each one is convenient to different groups of people, to different networks of roads. They're really two separate areas, though they're close together in miles.

**BW:** In setting up the Hempstead store, will A&S use the census figures to determine how big the departments should be and what kind of goods you are going to sell? Or will you just copy what you have in the downtown store?

**SILBERT:** Both. The census figures will be used to study expansion of departments in the downtown A&S store, as well as in the new Hempstead branch. We make studies of sales by types of stores in the county to see what we should offer. Those studies will be brought up to date as all the data from the 1948 census of business become available.

**BW:** Do you use this system in all the Federated stores?

**SILBERT:** In all Federated stores, detailed studies are made of sales by type of store in the community. The idea at all times is to try to improve the service offered in both the downtown store and its branches, to find out which departments can be expanded, and how the total store can be rounded out with additional assortments.

**BW:** Do you use this system in lo-

# PRODUCTION BOOSTER

This motor helps speed production for others  
Can it boost output in your plant?



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cating all your stores, whether they're branch or downtown?

**SILBERT:** We've been using the census figures extensively for the past five to eight years. Another example of our use of them is in the previous expansion undertaken by Federated of the large Foley store in Houston. Federated selected this city based on its growth as shown in the 1939 census, and on the fact—shown by the census figures—that this large, dynamic city needed a complete department store. This need was confirmed when surveys were made on the spot and representative citizens were polled. There was a very strong expression of interest in any store that would provide a complete shopping center. Such centers attract business to all merchants in the area and make it worth-while for the shopper to take a trip.

To get back to Foley's. An adequately large downtown plot was selected, and a modern building with modern methods of handling merchandise and all customer conveniences was erected.

**BW:** Does Federated constantly watch for new growth places that would make a good site for a department store?

**SILBERT:** Federated is, as you say, interested in opportunities to offer more convenience to its customers in cities it is already serving and also to find other areas that reflect a strong growth. We make continuing studies of all sections of the country. In these studies we place great reliance on the official government figures from census reports, Dept. of Commerce reports, Federal Reserve reports. We are very much impressed with the helpful information that the government furnishes its citizens.

**BW:** How important would you say the census figures are?

**SILBERT:** They are a very important tool. That is the only way we can get a picture of what is happening in all types of retail stores.

**BW:** Other businessmen can use them?

**SILBERT:** Yes. For instance, the census of business is also used by distributors who want to know where their type of store is located and how to make market plans, how to set up salesmen's quotas, sales campaigns and other direct advertising campaigns.

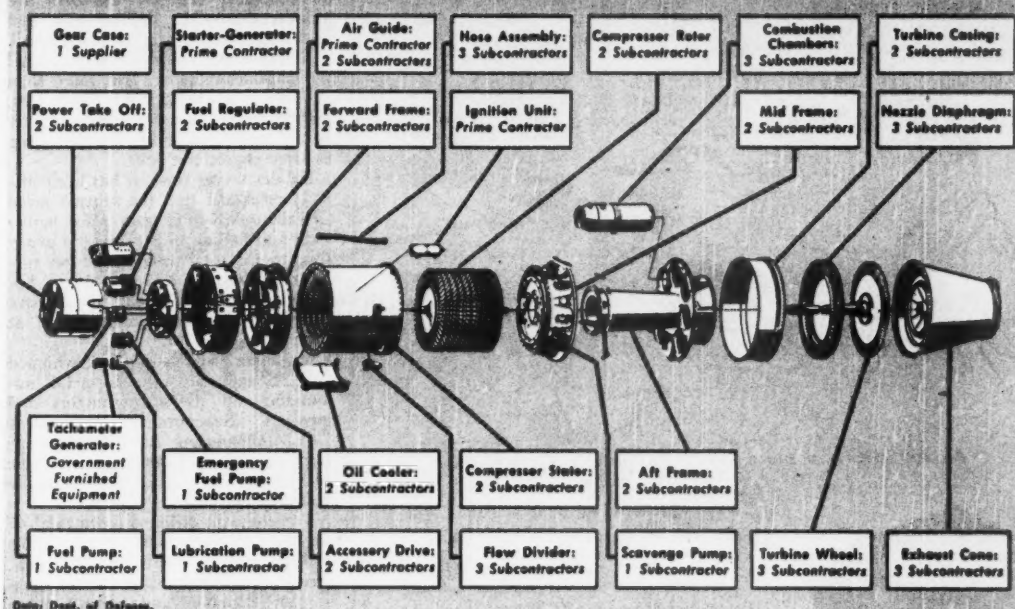
**BW:** In a small community, the small businessman would only use the census figures to more or less confirm what he knows of his own community?

**SILBERT:** He may find a trend that is more pronounced or in a different direction than he had imagined. The actual figures may open his eyes to some changes, but, of course, they would have to be supplemented by his own on-the-spot analysis.



# PRODUCTION

Some 48 sources provide the parts for this J-47 jet engine



## How GE Subcontracts Its Jet Production

Widely dispersed subcontractors and suppliers make the parts GE assembles. System protects output from bombing.

The best answer that anyone has figured out to the threat of strategic bombing is the old idea that there's safety in numbers. General Electric Co. and Air Force officials had that in mind when they drew up the pattern for producing jet aircraft engines at GE's Lockland (Ohio) plant. It's a pattern other defense industries may follow.

• **Farm System**—The system—or the "Lockland philosophy," as GE calls it—is to farm out production of parts and components for the J-47 jet to a large number of subcontractors and suppliers spread over a wide area. Lockland is the place where all those parts and components come together.

That way it will be difficult if not impossible to cripple the entire production setup by bombing or sabotage. Nearly 280 companies now have a hand in building the J-47. They are dispersed over 23 cities. In many cases, two or three subcontractors are making the same part (chart). If one of them got hit, there would still be one or two

others that would continue the supply. Even if the Lockland plant itself were bombed out, it probably wouldn't choke off production for long. The parts would still be coming in—but to a new address—for assembly.

• **Expanding**—GE had this system all set when it opened its Lockland plant in January, 1949. It appears to be working well. Last week the company announced that it was expanding the facilities at Lockland, taking over more factory space in the plant it leaves from Electric Auto-Lite Corp. It's also moving the executive and engineering staff of its Aircraft Gas Turbine Division from Lynn, Mass., to Lockland.

• **Idea Born**—The Lockland philosophy first popped up a little over two years ago in a report by the President's Air Policy Commission, headed by Thomas K. Finletter who is now Air Secretary. The report recommended that all aircraft manufacturers give top-level attention to plans for industrial mobilization in peacetime. It stressed the value of

subcontracting and urged that manufacturers work out their subcontracting agreements in advance, have them ready for action in an emergency.

Besides its obvious defense advantage, the Lockland philosophy pays off by distributing the production load. It helps keep alive the small but expert producers that thrive on war orders but tend to wither in peace. It also spares the prime contractor costly expansion of its own facilities. Should the defense program be pushed to full throttle, both the prime contractor and its subcontractors would be ready to step up output.

• **Clean Slate**—When GE took on the J-47 contract, it had a clean slate to work on. Its first job was to find a suitable assembly plant. The Electric Auto-Lite plant at Lockland—13 mi. from Cincinnati—was the choice. Its 650,000 ft. of floor space had already seen military service; Wright Aeronautical Co. built reciprocating aircraft engines there during the war.

Even under the pressure of war, it would have been hard to match the speed with which GE converted the Lockland plant to jet engine production. Had it been planned as an inte-



# CRISIS in the AWFUSS\*

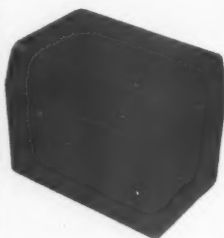
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grated manufacturing plant instead of just assembly, it probably would have taken four times as long to set up.

• **Time and Money Saved**—Revamping Lockland began in October, 1948. By the following February—less than five months later—GE shipped the first Lockland-built J-47 to the Air Force.

In those five months, GE personnel and contractors moved out more than \$2-million worth of old equipment, washed down the entire plant, and set up a complete assembly line including 14 large engine test cells.

Besides saving time, it has been officially estimated that the scheme saved GE about \$35-million in plant equipment and tooling. That saving is pretty close to the total paid by GE on subcontracts for the J-47 this year. For 1950, GE estimates that it will have placed 25,000 parts orders valued at close to \$50-million.

• **Search for Supply**—While it whipped the Lockland plant into shape, GE was rounding up its subcontractors and suppliers. (Subcontractors supplement GE manufacturing capacity; suppliers turn out commercial items that are adapted for GE use, but aren't normally produced by GE.)

The company stripped down the J-47 into its components to get a tangible outline of its subcontracting program. It sent out invitations to bid for combustion chambers and exhaust cones to makers of sheet-metal parts. Foundry and forge companies, expert in building reciprocating engine parts, competed for contracts for compressor-wheel and turbine-wheel assemblies.

• **Screening**—GE was equally selective in screening suppliers of accessories—such items as starter-generators, fuel regulators, and pump assemblies that make up the "snake pit" or front end of a jet engine. GE had already been producing the engine at its Lynn plant. So suppliers established under the Lynn operation simply expanded their capacities to fill contracts for Lockland.

For most parts, GE picked at least two, and preferably three, sources of supply. After preliminary negotiations with a subcontractor, GE engineers inspected his plant facilities. If it qualified in quality control and capacity, the subcontractor was considered for orders based on competitive bids.

Contract negotiations finally narrowed the field down to about 280 subcontractors and suppliers. GE, the prime contractor, and 47 subcontractors supply 15 major components of the J-47. Numerous additional subcontractors supply these 40 with basic parts. And accessories for the "snake pit" are supplied by 50 other companies.

• **Lynn Guide**—GE used its Lynn plant as a guide for Lockland's subcontractors. To get a firsthand knowledge of the parts they were to make, contracting




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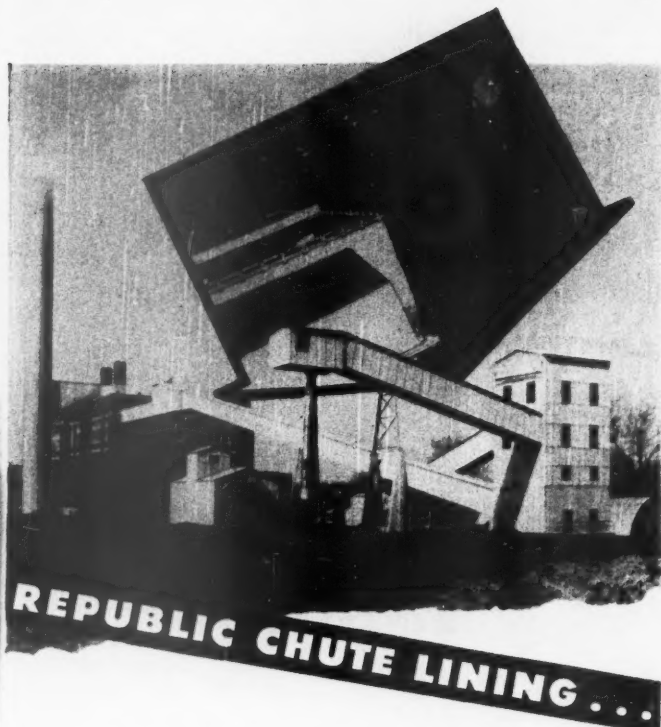


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firms sent supervisory groups to Lynn. They reviewed Lynn's use of raw materials, production tools, and inspection procedures. Then the groups went back home and smoothed out kinks on their own production lines.

• **Team Liaison**—As the subcontractors and suppliers began to make delivery on orders, GE helped them along with roving teams consisting of an engineer, a production man, and an inspector. The teams acted as liaison between the contractors and Lockland.

Tolerances and gauges were one of the first problems that had to be worked out. The tolerances that the subcontractors used had to jibe with GE's plans for the engine. Sheet-metal fabricators, who usually gauged their products by  $\frac{1}{8}$  and  $\frac{1}{4}$  of an inch, had to adjust to such finicky tolerances as 0.001 inch.

• **Just Paper-Worn**—Now that Lockland's production is running on schedule, cutbacks or increases in contracts, and modification of parts are just paper-work jobs. The Air Force or GE revises the design of a part; a scheduling section screens the changes. Then instructions for the revision are sent out to the subcontractors and suppliers. To maintain the flow of parts to Lockland at a scheduled rate, the vendors also receive weekly progress reports with instructions to speed up or slow down their production.

## Welding Helps to Ease Sheet Steel Shortage

If you're having trouble with shortages of wide-width sheet steel, take a look at the way in which the automobile industry has gotten off the hook.

• **Several Years Ago**—Several years ago, during an earlier steel shortage, several automobile manufacturers discovered that welding was an excellent answer to getting the scarce wide sheets, badly needed for body stampings for streamlined cars. What's more, they marked up a solid saving in costs.

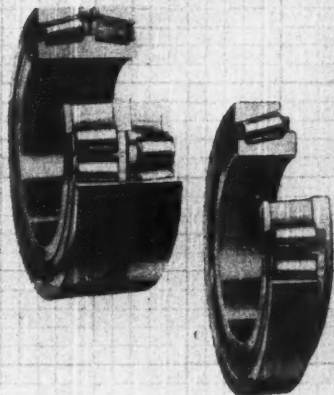
Strong in their possession of this technique, the auto people are now in a fine position to meet the current shortage, which is especially marked in wide-width sheets.

What the auto makers do is to weld together two narrower sheets to get the size they need. The cash saving comes in the fact that steel mills charge a premium for unusually wide—or unusually narrow—sheets. Hence, there are big savings when middle-sized sheets can be welded together.

• **More Suppliers**—Another gain for the auto makers is that the number of potential suppliers is increased. Only three rolling mills can make the widest sheet.

Types of weld used vary with the types

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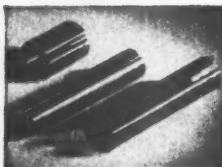
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**ELASTIC STOP NUT CORPORATION  
OF AMERICA**



Rollpins are made from either Carbon Steel or Stainless Steel and are readily available from stock in diameters from 1/16 inch to 1/2 inch and in standard lengths.



Rollpins are used to replace a hardened, ground tapered pin in this feed tube finger clutch assembly—stand up to flexing and shock more than 2,400 times an hour.



Four Rollpins are used in this Hansen tackler as pivots. Self-retaining, they eliminate headed rivets and bolts... simplify repairs... provide a flush fit.

of stamping needed. Where the piece is not ordinarily visible, a slight overlapping at the weld is not objectionable. A succession of spot welds, made on a seam welder or on a multiple spot welder, is the best answer.

Ford Motor Co. makes floor pans (the under sheet in the steel body) by joining two sheets of narrow steel on a seam welder and stamping out the piece on a giant press. Fisher Body Division of General Motors does a similar trick with multiple spot welders.

• **Mash Welding**—If the sheet is to form a visible part of the automobile body, no weld mark can show; flash butt welding or mash welding arc used. In flash butt welding the two edges of the steel are butted together and welded by passage of a heavy electric current that arcs across the edges, melting the steel there, while the sheets are forced together. A thin edge of roughened steel at the weld line is afterwards ground off.

Mash welding, done on a seam welder, consists of laying up the two sheets with a very slight overlap, and running the lapped portion under the wheel of a seam welder to which extra-heavy pressure is applied, mashing the steel flat at the weld line. Budd Mfg. Co. uses this method to attach "ears" to a wide sheet of steel for roof panels, saving the extra width that would be needed.

### PRODUCTION BRIEFS

A neophyte engineer costs industry about \$10,000 and two years' training before he steps into a responsible job, A. R. Hellwarth of Detroit Edison estimated. He recommended to the annual meeting of Engineers' Council for Professional Development that men and jobs be well-matched, if the investment is to pay interest.

Rust Engineering Co. is working on a \$3.8-million project for the National Advisory Committee for Aeronautics (BW-Jul. 8 '50, p. 30). It will build new facilities at the Langley Aeronautical Laboratory for studies of aerodynamics in high-speed flight.

Signal Corps' contributions to research in fluorescent and photoconductive materials are rounded up in the Bibliography of Technical Reports. The booklet is available from Commerce Dept.'s Office of Technical Services, Washington 25.

A portable flaw detector is under test on rails of Texas & Pacific Ry. A vibrating quartz crystal that slides across the top of a rail picks up flaws as audible tones on a set of earphones.



SERVING INDUSTRY, AGRICULTURE AND PUBLIC HEALTH

*for instance...*



The Bettmann Archive

*the "BURNING STONE" of the Alchemists  
plays many vital roles today*

*B*rimstone—the "Burning Stone" of the ancients which today we know as sulphur—has come far from the days when it was associated with the evil powers of darkness. Early employed in the manufacture of gunpowder, sulphur later found use as an ingredient in the manufacture of matches and in the vulcanization of rubber. And green in many memories is Grandma's favorite remedy of "sulphur'n molasses."

But today sulphur and its derivatives are engaged in a far-flung span of activities. Few industrial processes do not include sulphur in at least one of its forms. In agriculture, too, sulphur is put to work in fertilizers, insecticides and fungi-

cides. In fact, of all the basic heavy chemicals, sulphur products are the most widely used.

To its roster of basic heavy chemicals—ammonia, caustic soda, chlorine and soda ash—Mathieson has added processed sulphur and sulphuric acid, produced from the purest natural Louisiana and Texas sulphur deposits. Now, even more than before, Mathieson stands out as a prime producer of basic chemicals and over thirty allied products—all from one source of supply—with assurance of dependability, diversity, and flexibility.

***Mathieson***  
CHEMICALS

0678

MATHIESON CHEMICAL CORPORATION, MATHIESON BUILDING, BALTIMORE 3, MARYLAND

NEW • FAST • PROVEN

# LOW COST

methods for  
**PERFORATING  
and NOTCHING  
SHEET METALS**

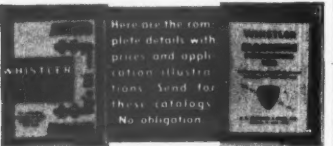


**Whistler MAGNETIC Dies** at work in large inclinable press. Magnetized units hold the retainers. No bolting required. A fast, economical method in making up a punch and die set for short or long runs. All parts re-usable.



**Whistler ADJUSTABLE Dies** on  $\frac{1}{8}$ " steel perforating and notching job, using Tee slotted die set. With Whistler Adjustable Punch and Die units production starts within hours instead of weeks. Last minute job changes made quickly.

**Both methods feature: LOW DIE COSTS**  
All units and parts are interchangeable and used repeatedly in different arrangements.  
**INCREASE PRESS PRODUCTION**—Down time is minutes as compared to hours for change-over. For precision work in all types and sizes of presses. **START PRODUCTION at once.** Pierce up to  $\frac{1}{4}$ " thick mild steel. Saving money in the best known plants.



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CITY \_\_\_\_\_ ZONE \_\_\_\_\_ STATE \_\_\_\_\_

**S. B. WHISTLER & SONS, Inc.**  
Adjustable, Magnetic, Custom and Cam  
Dies for all Industry

744 Military Road Buffalo 23, N. Y.

## Benzene: Critical Chemical

| Supply<br>(million lb.<br>per year) | Intermediates<br>Products<br>(million lb. per year) | Typical<br>End Uses                               |
|-------------------------------------|---|---|
| From<br>Coke<br>(1,300)             | <b>BENZENE</b>                                      | Styrene (523) ..... Plastics, rubber              |
| From<br>Imports<br>(180)            |   | Phenol (283) ..... Plastics, coatings             |
|                                     |   | Nylon (150) ..... Plastics, Textiles              |
|                                     |   | Aniline (93) ..... Dyes                           |
| From<br>Petroleum<br>(65)           |   | Surface-Active Agents (73) ..... Detergents       |
|                                     |   | Gasoline (50) ..... Fuel                          |
|                                     |   | Monochlorobenzene ..... Chemical<br>Intermediates |
|                                     |   | Dichlorobenzene .....                             |
|                                     |   | Diphenyls (96) .....                              |
|                                     |   | DDT ..... Insecticides                            |
|                                     |   | Benzene Hexachloride (61) .....                   |
|                                     |   | 2-4-D .....                                       |
|                                     |   | Nitrobenzene (29) ..... Explosives                |
|                                     |   | Maleic Anhydride (22) ..... Plastics, coatings    |
|                                     |   | Others (89) .....                                 |

## Plastics Men Quake at Rubber Plans

They fear synthetic program will gobble up supplies of styrene monomer. That means less polystyrene plastic.

Plastics manufacturers shudder when they hear the words "synthetic rubber." That's because synthetic rubber requires a chemical called styrene monomer, great big gobs of it. Styrene monomer is also the source of polystyrene plastics—and that in turn is the bread and butter of hundreds of plastics molding plants. Almost 21-million lb. of the stuff are molded every month.

• **What Will Be Left?**—The big question is: Now that the government is expanding synthetic rubber production, will there be enough styrene left to keep the plastics industry running? Trying to find the answer kept a record turnout of 600 executives busy at the annual meeting of the Society of the Plastics Industry, at Swampscott, Mass. According to the plastics men, defense mobilization means plenty of hurdles for them, with styrene just one of the biggest. The whole industry is founded on chemicals, and it's a cinch that defense is going to gobble up chemicals at fantastic rates (BW—Oct. 28'50, p68).

• **Two-Way Pinch**—In the case of styrene, the industry is getting a two-way pinch: (1) Benzene, the basic material, isn't exactly abundant; expensive imports are being made to supplement domestic production. Benzene is basic to styrene, phenol, aniline, detergents, and lots of chemical intermediates. (2) On top of the normal increase in demand for benzene-based

chemicals comes the government's plan to take a big whack out of the styrene supply to make more GRS rubber.

In June, 1950, the plastics industry got about 21-million lb. out of a total styrene supply of 43-million plus. Synthetic rubber took 19-million lb. By next June, the industry believes there will be an entirely different picture. Production, it thinks, will be about 50-million lb., with synthetic rubber taking 33-million lb. That would cut plastics down to about 15-million.

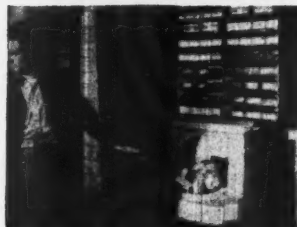
• **Small Molders**—Such a cut would make the going very rough for plenty of small molders who depend on styrene for their basic business.

There are 1,360 injection molding plants that are going to feel the pinch. These plants employ over 60,000 workers. Because demand has been running so high, most of the industry has sunk its capital into new equipment. Thus, with working capital cut to the minimum, the plants depend on volume to keep out of the red.

Polystyrene plastic first appeared in limited quantities in 1938. The plastics industry then was the only user of the monomer-based material. When synthetic rubber became a "must," styrene facilities were expanded. Hence, post-war, there was lots of polystyrene capacity, and use zoomed to the point where many molders depend on polystyrene as their number-one material for large-scale production. Polystyrene

# a shorter WORKSAVER

## it's a YALE WORKSAVER electric truck



FOR NARROW AISLES



FOR FREIGHT CARS



FOR HIGHWAY TRUCKS

**STUBBY OUTSIDE  
STURDY INSIDE**

Squeezing through narrow congested areas is a cinch for "Stubby." Here's why: "Stubby" is 6 inches shorter than other Worksaver models. But it's cut down in length only . . . all the efficient

qualities standard in Yale Worksavers are part of "Stubby," too! "Stubby" Worksavers can be had in pallet or platform lengths to suit your exact needs . . . in 4,000 and 6,000 lb. capacities.

### Only "Stubby" Worksavers have all these advantages:

**1. Operational Controls On The Handle.** Dual controls . . . right or left-hand operation for two forward and reverse speed travel. Push buttons for elevating and lowering . . . dual control warning signal.

**2. Power-packed Drive Unit** has improved motor efficiency.

**3. "Dual-Lift" Mechanism . . . new . . . better.** Combines 2 hydraulic lifting cylinders with articulating connection to lifting linkage.

**4. Easy Steer . . . widely separated tapered roller load bearing and 16" diameter, ball bearing steering ring with built-in, self-aligning features.** Greater than right angle turning in either direction.

**5. Positive Acting Safety Brake** effective instantly with handle in either upright or horizontal position.

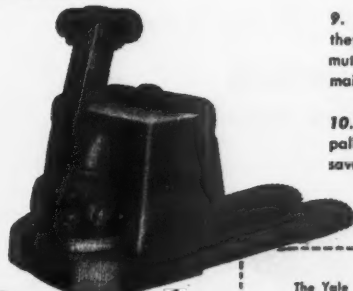
**6. Dual Trailing Wheels** in each fork of pallet truck provides wide floor contact . . . easier turning . . . greater floor protection.

**7. Large Diameter Drive Wheel** has more rubber . . . cleated treads for better traction and longer wear.

**8. Double Battery Protection . . . batteries assembled in steel case . . . fit in Worksaver's totally enclosed heavy steel battery compartment.**

**9. No Flexing Of Electrical Wires . . .** they're fed into handle controls from commutator at fulcrum point. Eliminates breakage, maintenance . . . reduces fire hazard.

**10. Spark Enclosed Features** available on pallet and platform type "Stubby" Worksavers.



"Stubby's" 6 inch shorter length comes in handy in tight spots.

### DETACH AND MAIL COUPON NOW!

The Yale & Towne Manufacturing Company  
Department M-23  
Roosevelt Boulevard and Haldeman Avenue,  
Philadelphia 15, Pa.

Please send me:

- ☐ Pallet Type "Stubby" Bulletin-P-1207  
☐ Platform Type "Stubby" Bulletin-P-1206  
☐ The name of the nearby Yale representative

Name.....

Company.....

Address.....

City and Zone.....State.....

## \* Motorola 2-WAY RADIO aids materials handling



**...maintains supply-traffic  
in unbroken stream.**

At the Eastman Kodak Park plant, you'll find Motorola 2-way radio helping to complete the picture of industrial sure-footedness.

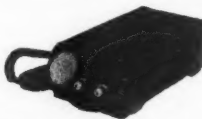
It's a picture that's good news for all yard and production managers.

\* Motorola 2-way keeps expensive ordnance working and gains immediate responsive action from every mobile or working unit in the remotest part of the plant.

It cuts time, mileage, pays quick profit over investment.

**CALL IN A MOTOROLA ENGINEER  
TO HELP YOU PLAN YOUR OWN  
2-WAY RADIO SYSTEM.**

New "UNI-CHANNEL"  
complete mobile, dash mount,



No less than eight exclusive improvements make MOTOROLA your clear choice!... And when you buy MOTOROLA, you'll be paying actually less for the greater value included!



"HANDIE-TALKIE"  
RADIOPHONE  
\$250 (plus federal  
excise tax) Standard  
model, complete with  
dry batteries, hand set  
and antenna.

Write

**Motorola** Specialists in Mobile Radio for 20 Years

Complete Radio Communication Systems for Industry

COMMUNICATIONS & ELECTRONICS DIVISION, 4545 AUGUSTA BLVD., CHICAGO, 51

has good properties, is inexpensive, and light enough to provide plenty of pieces per pound. Other plastics can't take up the slack: They aren't available in the quantities needed. Also, other plastics are more expensive.

• **New Machines**—Another factor aggravating the problem is that the new machinery now coming in will gobble up greater quantities of plastic per shot: 300-oz. capacity machines are on the way.

But things aren't too black, according to some of the cooler heads present at the annual meeting. Those best able to unravel the complex tangle of chemical intermediates listed some of the hopeful signs: (1) The synthetic-rubber program might not go so fast as expected. Butadiene, another major chemical needed, isn't in too great supply because plants were mothballed; (2) styrene output could probably be boosted about 5-million lb. a month; (3) it may be possible to drop the percentage of styrene that is required for synthetic-rubber making (that's approximately 23% now).

• **Benzene**—Against this, the chemical untangles weighed the basic benzene situation.

Next year, there will probably be enough capacity, plus imports, to maintain present production rates of all benzene users. But demands are certain to go up for benzene to be used in making phenol, aniline, and other intermediates, besides styrene. Benzene availability depends on coal and steel industry operations; imports (which require further refining); and petroleum refining (benzene from that source costs more). Last year's coal and steel strikes gobbled up benzene inventories; efforts to refill the inventories have added to present demand.

Not much more benzene can be expected from expansion of steelmaking. Imports—which are running at twice the officially reported rates, according to some reliable sources—won't help too much. Most of the imported stuff comes from England; some is available in continental Europe, probably at black-market prices. Imported benzene has to be processed here to meet American chemical standards. That adds to the cost.

• **Hydroformers**—Petroleum sources are of some help. Hydroformers, making 100-octane gasoline, can produce cyclohexane, a chemical that can be converted to benzene. But that conversion is slow and expensive.

Coal hydrogenation is another possible out, since benzene is made as a byproduct of gasoline-from-coal processing. But the benzene proportion is relatively small; plants are expensive, take time to build. The experts aren't sure that such plants would have a sound economic basis.



**MILLS**  
*Movable*  
METAL WALLS

**PERMANENTLY  
DISTINCTIVE**

*...yet easily adapted to  
changing needs*

**T**ODAY'S BUSINESS INTERIOR must reflect solidity and permanence, refinement and good taste—and at the same time be easily adapted to changes in space requirements. Mills Movable Metal Walls are designed to meet this need.

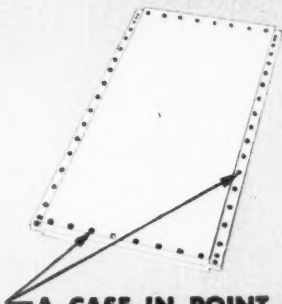
Solidity and permanence are achieved by exclusive Mills features like all-welded panel construction and sound deadened panel surfaces. They are insulated and sound-proofed, and correctly engineered for structural stability. Of refined architectural design they are available in a wide range of attractive colors in baked-on finishes specially treated to eliminate harsh light reflection.

As space needs change Mills Movable Metal Walls may be rearranged to fit the new layout—quickly, easily, and at low cost. The entire change can often be made overnight or during a week end.

*We'll be glad to send you a 48 page easy-to-read booklet that will give you full details. Just ask for Mills Catalog No. 50.*

**THE MILLS COMPANY • 963 Wayside Road • Cleveland 10, Ohio**

*Bulldog Electric Products Co., Detroit, Michigan  
Architects: Jabr & Lyman*



**A CASE IN POINT**

Mills panel sheets are welded to panel frames—an exclusive construction feature for which there is no quality substitute.

**SPECIFY MILLS FOR**

All-Welded Panels • Sound Dead Surfaces  
Glossless Finishes • Scientific Sound-proofing  
• Easy Erection • Maximum Mobility  
Superior Architectural Design

*Movable*







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**ASSEMBLY SAVINGS CERTAIN IN NEARLY EVERY INDUSTRY!**

**INCREASED FASTENING EFFICIENCY WHEREVER NUTS ARE USED!**



# PS



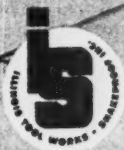
**SHAKEPROOF inc.**

*"Fastening Headquarters"*

Division of Illinois Tool Works

2341 North Keeler Avenue, Chicago 39, Illinois

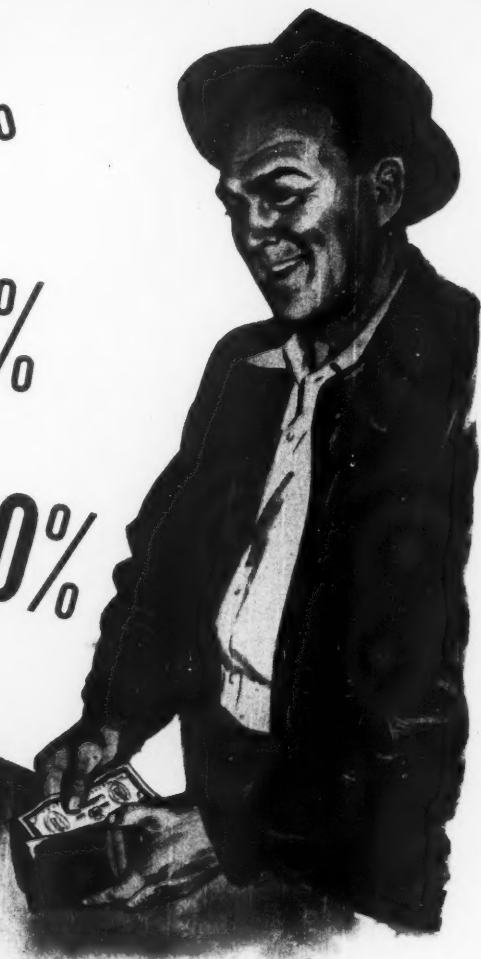
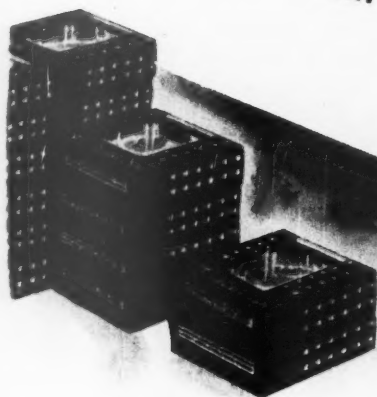
In Canada, Canada Illinois Tools Ltd., Toronto, Ont.



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PIE SALES UP **63%**  
 BREAKAGE DOWN **33%**  
 PACKING AND HANDLING  
 COSTS DOWN **50%**



Lumarith window container by Sutherland Paper Company, Kalamazoo, Mich., for Mrs. Smith's Pie Co., Pottstown, Pa.

## WITH WINDOW BOXES OF **LUMARITH\*** TRANSPARENT FILM

The Sutherland Paper Company, Kalamazoo, Michigan, reports the experience of one of the many baking companies who have turned to Lumarith Transparent Film window boxes: sales up 63% . . . breakage down one-third . . . packing and handling costs cut 50%. The added cost of this sales-appealing packaging method was absorbed several times over in production and merchandising savings.

In addition, the "breathing" quality of Lumarith prevents crusts from becoming soggy and tough . . . shelf life is doubled.

It's as easy as pie to boost sales and production figures by packaging your products in Lumarith Transparent Film window boxes. Lumarith won't wrinkle or sag . . . won't pull the box out of shape . . . is always

crystal clear and fresh-crisp . . . cements permanently, and prints perfectly.

Whether you're packaging baked or other fresh foods, soft goods, candy, flowers, let the Lumarith window box pay its way in sales and satisfaction.

Celanese Corporation of America, Plastics Division, Dept. 29-K, 180 Madison Avenue, New York 16, N. Y. In Canada, Canadian Cellulose Products Limited, Montreal and Toronto.

**Celanese\***  
\*Reg. U. S. Pat. Off. **PLASTICS**

## NEW PRODUCTS



### Finished for Wear

Sea air—and even industrial air—can corrode pole-type distribution transformers and ruin them. To make its transformers live longer, Westinghouse Electric Corp. has a three-coat paint system, called Coastal Finish; it's supposed to withstand oxygen, acids, salts, and alkalis.

The first coat—zinc chromate and iron oxide—is flexible; it can expand and contract under varying temperatures. On top of this is a coat of mica flakes. This keeps off moisture and oxygen, resists heat, salts, acids, and alkalis, and increases the heat stability of the whole finish. Finally, the top coat screens out ultraviolet light from the sun, helps the other two coats to resist corrosion.

In tests with a standard finish (above right) and the mica-base finish (above left), the standard finish deteriorated under a 1,000-hr. exposure to a 20% solution of sodium chloride. The Westinghouse finish didn't. Westinghouse will sell Coastal Finish in small quantities for experiments on equipment other than transformers.

● Source: Westinghouse Electric Corp., 306 Fourth Ave., Pittsburgh 30.

### Lenses That Pick Colors

Lenses that screen out light colors that hurt your eyes—and that choose other colors to let in—have been developed by American Optical Co. They're for use in goggles for steelworkers and welders.

AO fuses two semicircles of glass into a single lens. It uses four combinations—blue-white, light green-white, dark green-white, and dark green-light green.

Each half of the combination has different light-selecting properties. In a blue-white glass combination, for in-

## .. another Big Month in **STEADY OHIO!**

OCTOBER FARM INCOME:

**\*\$110,784,000**



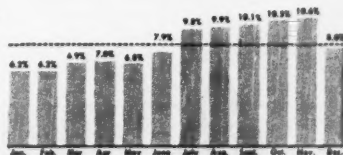
**Ohio farmers have big income months like this all through the year!**

Income stays high and steady because in *this* state, a wide variety of crops is produced. Several kinds of crops are going to market all the time—cash is coming in all the time!

You can be sure this year-round, high gear farm production calls for special farm information. The one publication Ohio farmers count on most is **THE OHIO FARMER**. They live and farm by it—*spend* by it. If you want to get the most out of this big, steady market, you belong in **THE OHIO FARMER**.

\*Based on 3-year (1947-48-49) cash receipts from farm marketing.  
Source: U.S.D.A. Farm Income Situation.

**Steady Buying Power** This chart of Ohio farm income reveals the surprising year-round steadiness of income. Only a few other states can equal it for consistent, through-the-year steadiness. Two that do are Pennsylvania and Michigan, served by **PENNSYLVANIA FARMER** and **MICHIGAN FARMER**. For the complete story on all these, write F1013, Rockwell Avenue, Cleveland 14, Ohio.

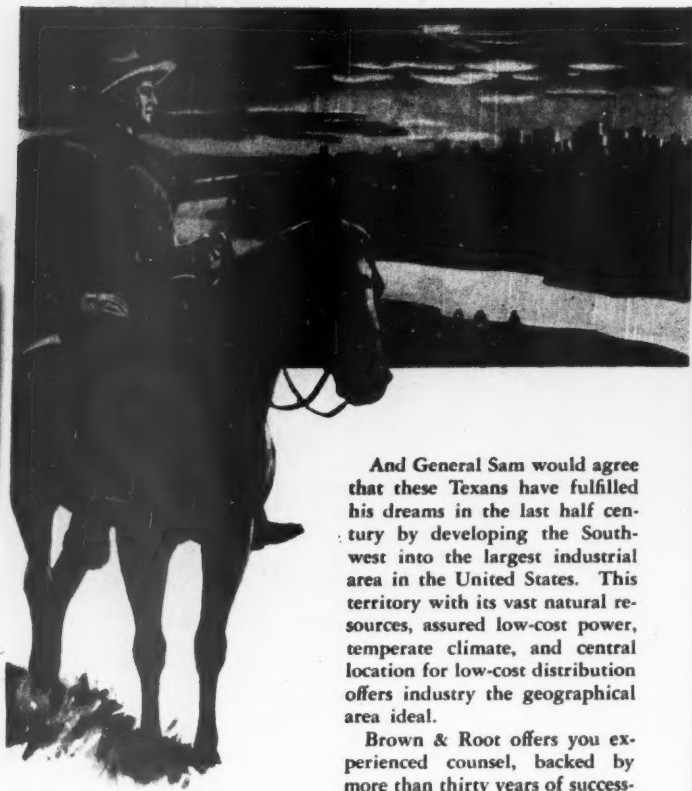


*The* **OHIO FARMER**

The Ohio Farmer, Cleveland  
Michigan Farmer, East Lansing  
Pennsylvania Farmer, Harrisburg



## "This Texas territory was well worth fighting for," says General Sam Houston



And General Sam would agree that these Texans have fulfilled his dreams in the last half century by developing the Southwest into the largest industrial area in the United States. This territory with its vast natural resources, assured low-cost power, temperate climate, and central location for low-cost distribution offers industry the geographical area ideal.

Brown & Root offers you experienced counsel, backed by more than thirty years of successful

engineering and construction in this great Southwest.

Its complete knowledge of soil, terrain, people and climatic conditions will result in faster, more economical completion of your contemplated project.

A request from you will put Brown & Root consultants at your service.



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CABLE ADDRESS — BROWN BILT

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- BROWN & ROOT MARINE OPERATORS INC.

**BROWN & ROOT, Inc.**  
*Engineers • Constructors*

stance, the blue eliminates yellow flare that might come from hearth furnace fluxes. The blue, however, transmits extreme red and blue colors, so that workers can see the changes of color which indicate shifts in the temperature of the furnace materials. And because of the white glass, workers will not have any trouble moving around safely.

AO says the lens is easily installed in goggles, doesn't collect much dirt. It is supposed to be tough enough not to be broken by flying particles.

• Source: American Optical Co., Southbridge, Mass.

• Price: \$2.35-\$3.45 a pair (according to color combination and quantity).



### Two-in-One Sales Unit

A sales register-cash drawer combination, made by Moore Business Forms, Inc., is compact, small enough to fit into most safes. It measures 18-in. long, 14-in. wide, and 6-in. high.

On top of the combination is the register which handles 4 in. by 6 in. sales slips, holds 100 duplicate or 75 triplicate forms. The register can be lifted out and used separately from the drawer.

Pressing the register's lower edge opens the cash drawer, also tilts the register for removing sales slips. The drawer has a warning bell that rings if the lock is jimmied. There is room in the drawer for office copies of the register forms.

• Source: Moore Business Forms, Inc., Niagara Falls, N. Y.

• Price: about \$50.

### Flickerless Fluorescence

One reason fluorescent light tubes haven't been used in traffic signs is that voltage fluctuations make the lights flicker or go out. Now, Sola Electric Co. has a transformer for the fluorescent traffic signs—made by Elwood



# This Miraculous Instrument Tells All!

**Yes, the Cities Service Heat Prover tells all you want to know about the combustion efficiency of gas and Diesel engines...and industrial furnaces of all types.**



**1. Hundreds of Industrial Firms**—including leading steel, locomotive, truck, automobile, aircraft, tool, instrument manufacturers and others, are profiting from this unique service. Above shows use on Open Hearth Steel furnace.



**2. Immediate Production Increases**—are realized by fast control of furnace atmospheres. The Heat Prover quickly and accurately registers both excess oxygen and unburned fuel being wasted on this industrial boiler.



**3. Gas and Diesel Exhaust Analysis**—here being made on a large 4-cycle Diesel. This remarkable instrument gives a continuous record of what percentage of the fuel entering the combustion chamber is converted into productive energy.

**CITIES**



**SERVICE**



QUALITY PETROLEUM  
PRODUCTS



## FREE... This Helpful New Booklet

CITIES SERVICE OIL COMPANY  
Sixty Wall Tower, Room 733  
New York 5, New York

Please send me without obligation your new booklet entitled "Combustion Control for Industry."

Name

Address

City  State

Mr. Builder: Gunnison Homes, Inc., U. S. Steel Corporation Subsidiary, is now granting additional DEALER FRANCHISES. We welcome inquiries from qualified, financially sound businessmen. Investigate NOW! Write Dept. W-6 for complete information.

## THE DAY'S NEARLY HERE!

On Sunday, November 12, Gunnison Homes, Inc., will unveil two NEW Gunnison Homes . . . the long, low, rambling CORONADO, and the new CHAMPION.

Ten thousand delegates to the 43rd annual convention of the National Association of Real Estate Boards will SEE two more triumphs in the Gunnison series of Low-cost Quality Homes!

At Municipal Auditorium in Miami Beach, the World's Foremost Manufacturer of Quality Homes will hold the first public showing of these homes, the answer to America's demand for new home design! Leaders in the building and real estate field will see the actual PROOF of Gunnison's continuing leadership in the industry!



# Gunnison Homes

UNITED STATES STEEL U.S. CORPORATION SUBSIDIARY  
NEW ALBANY, INDIANA

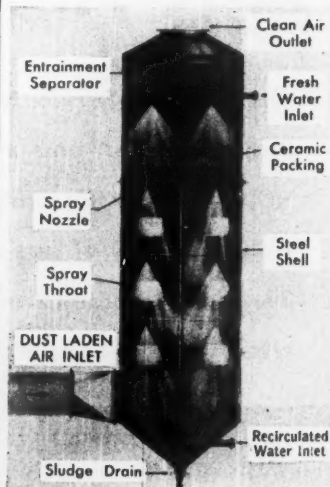
Wiles Co., Portland, Ore. The transformer takes incoming voltages from 95 to 130, converts them to the voltage for which the lights are designed.

The whole sign is built around two cathode fluorescent tubes. There is also a translucent Plexiglas front for sign lettering, the Sola transformer, and an aluminum housing.

In extensive tests in Portland, Ore., engineers reported no sign failures.

Maintenance of the lighting mechanism inside is easy, since the Plexiglas front slides down. Sola claims that the signs can be read from more than 200 ft. away.

• Source: Sola Electric Co., 4633 W. 16th St., Chicago.



## A Trap for Dirty Air

Cleaning industrial gases is as important as vacuuming living room rugs—but not so easy. One device that simplifies the job is Prater Pulverizer Co.'s Pemasco Dust Master Collector. It uses water and ceramic packing to trap dust.

Dust-laden gas enters at the bottom of the cylindrical collector, then passes through several stages of cleaning. As the dirty air shoots in, its velocity throws the larger dust particles against the wetted sidewalls of the collector. Then the air goes up through small openings. In the openings are fine water sprayers that force smaller dust particles to drop to the bottom of the collector.

In the next step, air passes up through a layer of ceramic packing that's also sprayed. The large surface area of the ceramic pebbles, plus the downward water spray, collect more tiny dust particles. A dry layer of ceramic packing above catches water droplets

# OUTSTANDING MECHANICAL EXCELLENCE

.....marks every  
**Chrysler Industrial Engine**

**Stainless  
Steel Valve  
Springs**

**Chrome  
Top Piston  
Ring**

**Stellite  
Exhaust Valve  
Seat Inserts**

**Completely  
Waterproofed  
Ignition**

**All Friction  
Surfaces  
Superfinished**

**Sodium  
Cooled Exhaust  
Valves**

**Statically  
and Dynamically  
Balanced  
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**By-Pass  
Thermostat  
Cooling System**

*Chrysler Industrial 12—  
one of eight basic models*

**Built to operate at high speeds—  
deliver better performance and  
more power for less money!**

The proof is plain for all to see!  
Higher speed engines have been proved  
superior on every type of gasoline  
powered industrial equipment.

Chrysler, first to develop higher  
speed engines, has consistently led  
the advance with a continual parade  
of new engineering improvements.

On every type of job requiring  
industrial power, Chrysler high  
speed engines have out-performed,  
out-last-ed and out-economized all  
similarly rated engines. Today, more  
equipment is being powered by  
Chrysler Industrial Engines than  
ever before. And the trend is con-  
tinuing at an accelerated rate.

The reasons are particularly signifi-  
cant. May we tell you about them?  
See your Chrysler Industrial Engine  
Dealer or write us. Industrial Engine Divi-  
sion, Chrysler Corporation, Detroit 31, Michigan.

## CHRYSLER

# America has a 3-Way Stake in its Airlines!

The U.S. airlines gain time for the traveller—  
help the shipper open new markets—give  
the nation added air carrier strength in  
peace or national emergency.



**N**EXT time you see an airliner leave an airport runway and head for the horizon, remember you have a three-way stake in the fastening network it represents.

*As a traveller*, the airlines gain you time... for a longer stay at your favorite vacation spot, for a holiday visit with loved ones, for an important business trip. *As a businessman*, the airlines give you faster delivery, smaller inventories, quicker turnover, bigger profits. *And as a citizen*, the airlines give your country emergency strength vital to preparedness... capable of maintaining the continuing needs of our economy in the event our security is threatened.

To handle this triple job, the airlines

are constantly modernizing their equipment... flying faster planes, planes with greater capacity, planes with more dependability and planes with greater earning capacity. And in no spot is this modernization more important than in twin-engine transports... the backbone of airline fleets for short and medium haul routes that reach throughout the nation.

The new twin-engine Martin 4-0-4 Airliner is a good example of airline progress. Already ordered by Eastern Air Lines and Trans World Airlines, to modernize their twin-engine fleets, it flies 100 m.p.h. faster, carries 40 passengers in its pressurized, air-conditioned, comfortably quiet cabin. It's a worthy development of the dependable Martin 2-0-2, which has been serving passengers of Northwest Airlines and leading South American lines for almost three years. THE GLENN L. MARTIN COMPANY, Baltimore 3, Maryland.

*Train in a field with a future... Aviation!*  
See your local Air Force, Navy or Marine  
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**Martin**  
AIRCRAFT

Builders of "Dependable Aircraft Since 1909"

Manufacturers of: Military aircraft • Martin airliners • Guided missiles • Rockets • Electronic fire control & radar systems • Precision testing instruments • Developers and licensees of: Marang fuel tanks (to U.S. Rubber Co.) • Marform metal-forming (to Hydramet, Inc.) • Honeycomb construction material (to U.S. Plywood Corp. and Aircraft Die Casters) • Structural adhesives (to U.S. Plywood Corp. and Bloomingdale Rubber Co.) • Permanent fabric flame-proofing (to E. I. duPont de Nemours & Co.) • Hydraulic automotive and aircraft brake • Leaders in Building Air Power to Guard the Peace, Air Transport to Serve It.

just as the clean air makes its escape at the top.

• Source: Prater Pulverizer Co., 1517-41 So. 55th Court, Chicago 50.

• Price: Varies according to collector size (30 are available).



## Monograms to Order

Peerless Roll Leaf Co. has a monogramming machine that initials 50 playing cards a minute. It's designed for printing in department stores and stationery shops.

Operation is simple. You set three brass die-plates for the initials wanted, put two decks in the loading hopper, and start the machine. PRL says it takes only 4 min. to load, monogram, and box two standard playing card decks. You can monogram in gold, silver, or colors, shift the die-plates for one-, two-, or three-letter combinations. The machine is 13-in. wide, 26-in. long, and 22-in. high.

• Source: Peerless Roll Leaf Co., Inc., Union City, N. J.

• Price: with the die plates, \$950.

## NEW PRODUCTS BRIEFS

A water demineralizer from Penfield Mfg. Co., Meriden, Conn., handles up to 10 gal. an hour, has a permanent cartridge that's easily refilled.

Overheated flues can be checked with a device, called the Automatic Watchman. It shows when to adjust or clean your furnace. Made by Sambeq Mfg. Co., Fidelity Bldg., Cleveland.

A portable drawing board molded from styrene plastic is lightweight and transparent, sells for \$3.95. A. Patrick Co., 9 Grove St., Westwood, N. J., is the manufacturer.



Doctor, Lawyer, Merchant,  
Chief...here is your desk



*Mode-Maker...*

## World's foremost line of metal desks

**T**HIS Mode-Maker executive type metal desk—with its mist green Velvolum top and its warm gray finish with anodized aluminum trim and bases—is truly the desk of distinction. Its top, 80 by 42 inches, has a generous curved overhang on three sides—ideal for patient, client or business conferences. Drawers r-o-l-l in and out at the slightest

touch. The design is beautiful and the desk is packed with modern, practical conveniences. Mode-Maker shouts "Quality" at the first glance and it is the kind of quality that will last a lifetime.

Write for a booklet showing the complete line of Mode-Maker desks. The General Fireproofing Company, Department 46, Youngstown 1, Ohio.

**GENERAL  
FIREPROOFING**



*Foremost in Metal Business Furniture*

DEALERS THROUGHOUT THE WORLD

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There is a complete line  
of GF metal furniture—  
desks, tables, chairs, files  
and shelving







## The 1951 Dartnell PERSONAL RECORD BOOK

Here is a de luxe personal desk book for you which combines the functions of a diary, appointment book, and private financial record all in one, plus special charts and pages of business data which will save you hours throughout the year. Published each Christmas for thirty years, it is the choice of America's top-flight executives and high Army and Naval officers who prefer it because it is the finest personal desk book of its kind in the world. Each Personal Record Book is bound by hand in fine imported leather. Printed on superfine paper, size 5 by 8 inches. The 200-page Diary Section is ruled off by hours as well as days and provides generous writing space. The 200-page Data Section includes sections for Income Tax Deductions; Stocks, Bonds, Insurance Records; Stock Market Price Ranges; Mark-Up and Discount Tables; Railroad, Air Fares; Best Hotels in Principal Cities.

Individual name can be stamped in gold on the Personal Record Book for 30 cents additional charge.

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### A Superb Business Remembrance

Order one of these de luxe Personal Record Books for your own use—you will be delighted with it. Then consider buying a quantity to give as your business remembrance this year to customers, friends, colleagues. These books will be appreciated and used every day throughout 1951.



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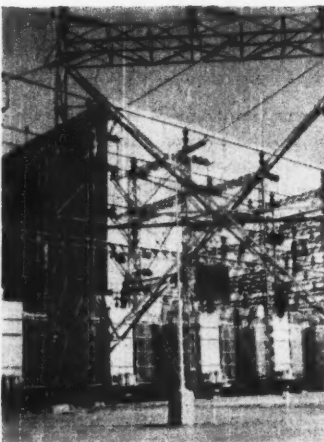
*The Dartnell Corporation*  
4120 Remondet Ave., Chicago 40, Ill.

## REGIONS



SAWMILL, outside Dinuba, is one of the San Joaquin's new industrial settlers. Operated by Ivory Pine Co., it is the only one in the area. The mill has an artificial log pond, a fully mechanized "green chain" for sizing and sorting green lumber.

## Farm Valley, 1950



POWERPLANT at Bakersfield was completed this year, cost \$35-million. Pacific Gas & Electric runs it with only 36 men.

There's nothing wrong with the San Joaquin Valley of California that a little more industry wouldn't cure. It's the richest concentration of farm counties in the U.S., with farm income of close to a billion dollars.

But the valley's overwhelming dedication to agriculture has drawbacks. Businessmen have begun to see the need for diversification to ease them over bumps.

To that end, some 36 chambers of commerce in seven of the valley counties have pooled their economic destinies in the Central Valley Empire Assn. A short while ago, CVEA coo-toured a group of newsmen through the region to show what strides had been made.

From Bakersfield, at the southern tip of the valley, the party snaked its way up Main Street, California-Highway 99—to Modesto. By splitting up, the group managed to cover a total of 91 plants in 32 towns. The pictures here show some of the things they saw.

**BLAW-KNOX**

ROLLING MILLS & AUXILIARY MACHINERY

BOILER & NON-FERROUS METALS

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PIPE PROTECTION EQUIPMENT

GAS & TRANSMISSION EQUIPMENT

CONCRETE REPAIRS & PAVING MACH.

STEEL TOWER & CO. CONSTRUCTION

STEEL & ALLOY CASTINGS

CONSTRUCTION EQUIPMENT

COMPLEX CHEMICAL & INDUSTRIAL PLANTS

STEEL & ALLOY CASTINGS

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STEEL TOWER & CO. CONSTRUCTION

**OPERATING AND EARTH DIVISIONS—**BLAW-KNOX • BLAW-KNOX STEEL • BUREYAK EQUIPMENT • BUREYAK HEAVY CO. • CHEMICAL PLANTS • THE CLARK COMPANY, INC. • LEEVE REPAIRS & MAINT. • NATIONAL ALLOY STEEL • PITTSBURGH ROIL • POWER WIND • STEEL STEEL CATERING

**OFFICES IN PRINCIPAL CITIES**—Export Department, 342 Madison Avenue, New York, New York  
Distributors and representatives throughout the world.

*Small Investment Pays Big*

## DAILY DIVIDENDS

This is happening in hundreds of leading manufacturing plants throughout the country by the use of

**DICKERMAN**

Automatic

### PUNCH PRESS FEEDS

These dividends are returned each day in increased production (up to 500%) and reduced operator hours. One operator can run several DICKERMAN equipped presses!

An outstanding fact is that these Feeds pay for themselves in a matter of days.

DICKERMAN Automatic Punch Press Feeds fit any press and are made in seven models to feed almost any coiled material.

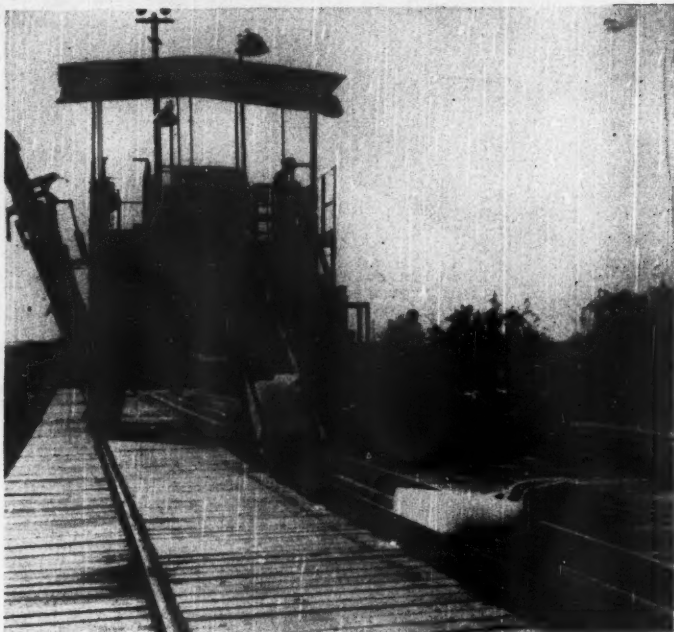
*Illustrated Catalog available on request.*

**H. E. DICKERMAN**  
Manufacturing Company

328 Albany Street  
Springfield, Massachusetts

"25 Years of Service to American Industry"

## FARM VALLEY (Continued from page 82)



ICING DOCKS, built by the Santa Fe at Bakersfield, can load the bunkers of a refrigerator rail car with 5½ tons of crushed ice in 90 sec. Ice blocks move up belt to jaws of crushing machine (center). Chute (right) carries crushed ice to reefer car.



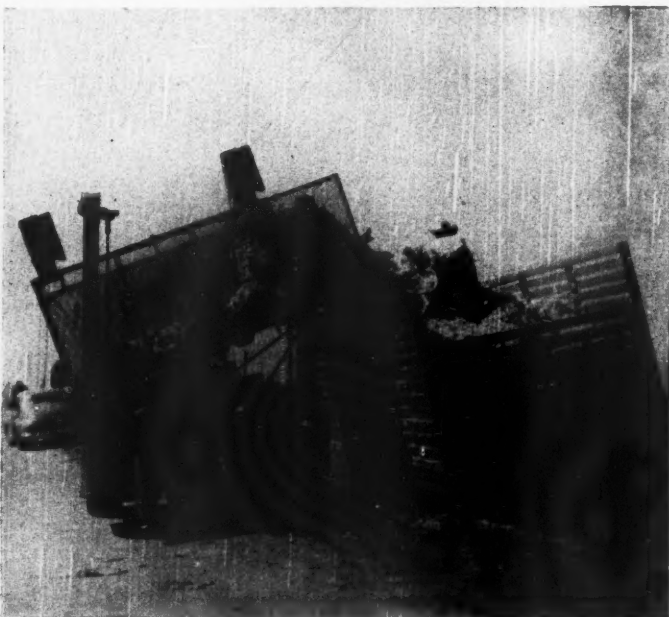
SUSPENDED  
OR  
FLOOR TYPE

*Extra*  
**NO MATERIALS TO BUY  
EASIER INSTALLED**

Warm your store, factory or office with one complete package—no boiler, no steam lines, no duct work—just install a Reznor gas unit heater, the world's biggest seller. Save material, save time, save expense.

**REZNOR MANUFACTURING CO.**  
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Send me 20-page catalog in full color  
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COTTON PICKERS, the valley thinks, are the answer to the vexing problem of itinerant farm labor. Introduced since the war, they are now revolutionizing the San Joaquin cotton industry. One manufacturer has sold 1,700 of them for about \$9,000 each.

A *statement by*  
CANADA'S FIRST BANK

## Canadian Opportunity\*

### ASSUMES A NEW IMPORTANCE FOR THE U. S. BUSINESSMAN

Today, there are new opportunities for the Canada-minded U.S. businessman. Freeing of the Canadian exchange rate—removal of import controls and quotas—emergence of a pattern of joint industrial mobilization . . . these have greatly widened the picture of U.S.-Canadian economic and trading relations.

This is a time when experienced counsel becomes more important than ever to the trader and industrialist. It is a time of opportunity, but a time, too, for awareness of all the factors in any situation.

U.S. businessmen are invited to consult Canada's first bank—the Bank of Montreal—about their Canadian plans and problems . . .

to take advantage of the Bank's experience in the development of U.S.-Canadian trade, of its widespread sources of information.

Established in the U.S. since 1859, the B of M has 90 years' experience of studying Canadian opportunity on behalf of American businessmen. And, with more than 550 branches from coast to coast, the B of M provides these businessmen with rapid, reliable information—both local and nation-wide—on financial matters and on marketing, supply and labor questions.

Consult, without obligation, any of our U.S. offices, or the Business Development Department, Bank of Montreal, Place d'Armes, Montreal.

\* Canada—with a population of less than 14 million—has a gross national product of over \$15 billion, a consumer market of over \$10 billion, annual imports exceeding \$2½ billion, exports over \$3 billion . . . Canada—best customer and No. 1 supplier of the U.S. for the past generation.



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Agents

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SAN FRANCISCO, 333 California Street . . . G. T. Eaton, Cashier

*Coast-to-Coast*

IN CANADA SINCE 1817

IN THE U. S. SINCE 1859

RESOURCES EXCEED \$ 2 , 0 0 0 , 0 0 0 , 0 0 0





**TOP:** General view of the protected area.

**CENTER:** Foam discharge at the rate of 2 in. per min.

**BOTTOM:** Area covered by 6 in. of foam blanket in 3 min.

*it's* **NEW!**

## *"Automatic" AER-O-FOAM* **PROTECTION FOR INDUSTRY**

For many years fire protection engineers have been faced with the problem of finding a feasible answer to the hazard caused by crowded plant facilities where flammable liquids are involved. Conditions of this type exist in many chemical processing industries, metal working plants, petroleum storage and handling and electric power generation properties. A severe hazard was evident at the Schenectady Varnish Company, Schenectady, N. Y., where fire at the tank car loading racks and storage facilities presented a constant threat to the operation of the entire plant.

Having had a background in the development of all types of automatically operated fire protection equipment, *"Automatic Sprinkler"* engineers designed and installed the mechanical foam system, test photos shown above, and which is now commercially identified as *"Automatic" AER-O-FOAM*.

The important engineering advantages of this form of protection are evident in the improvement of drainage conditions, reduction of water supply requirements, non-corrosive action of the foam material, positive fire extinguishment and prevention of reflash. As *"Automatic" AER-O-FOAM* dehydrates rapidly following application, clean-up operations are held to a minimum.

Insurance authorities are quick to recognize the merits of *"Automatic" AER-O-FOAM* protection and have accepted it as a major advancement in the science of fire protection.

Benzol plants, flammable liquid storage in use, pump houses, loading racks and many other hazards familiar to industrial operations can now be positively protected through the media of *"Automatic" AER-O-FOAM*.

**"AUTOMATIC" SPRINKLER CORPORATION OF AMERICA**  
YOUNGSTOWN 2, OHIO

*"Automatic" Sprinkler*  
**FIRST IN FIRE PROTECTION**

DEVELOPMENT • ENGINEERING      MANUFACTURE • INSTALLATION  
**OFFICES IN PRINCIPAL CITIES OF NORTH AND SOUTH AMERICA**



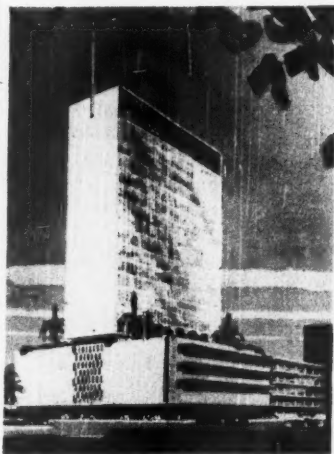
## Reciprocal Licensing Attracts Contractors

Electrical contractors and journeymen in the Detroit area started something when they figured out a way to cut the Gordian knot of local regulations. Gas- and oil-heating contractors are already working on a similar plan of reciprocal licensing and uniform regulations. What's more, there's talk that awning, refrigeration, structural welding, wrecking, and elevator contractors will follow suit.

• **System**—The electrical people began trying the plan in 1939 when Michigan's statewide licensing law was declared unconstitutional. To avoid the chaos of conflicting regulations and overlapping license fees, the Detroit electricians got together; now their combine includes 48 municipalities. Here's how the plan works:

Contractors pay a licensing fee of \$25 in the community where they are based. To work in any of the 47 other cooperating communities, they pay only \$1 per community. That means they can blanket the area for \$72. Before this deal, it could have cost \$1,200.

Similarly, each journeyman pays a \$1 license fee in his own community. That covers his fee in the others, too. And safety regulations governing electrical installations in the whole area are under a single code.



## Glass House for a Bank

First National Bank of Arizona will soon build itself this 17-story glass house at Phoenix. Architect Welton Becket designed it with two walls entirely of glass and a "floating screen" of fixed aluminum louvers protecting the upper stories on the south side from desert sun. The bank itself will occupy the five lower floors.



**Protect fine finishes for shipment**

## Things adhesives never did before



**Fasten vinyl window shade to roll**

It's amazing how many of yesterday's problem jobs are easily handled with today's new adhesives.

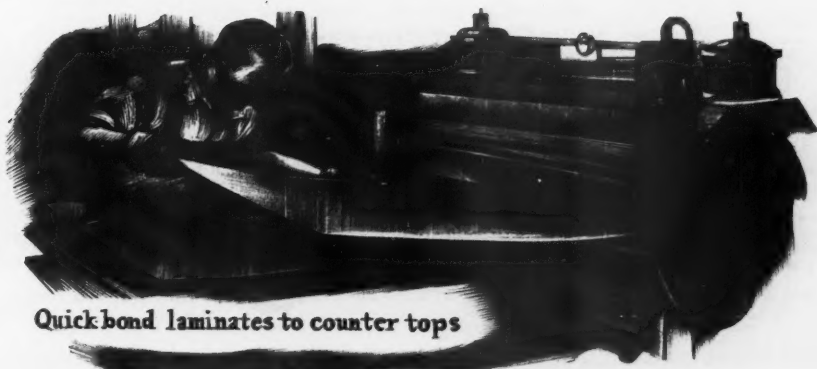
A typical example is the speedy, effective way in which fine finishes can be protected with a special Armstrong's Adhesive. This adhesive is compounded to have a great deal of co-hesion and a controlled amount of ad-hesion. Sprayed on, it adheres to parts of any shape, protects the finish during either fabrication or shipment, then strips off quickly when the part is ready for use.

Another Armstrong's Adhesive eliminates the over-night curing under pressure normally needed when applying high-pressure plastic laminates to subbases. This adhesive sets in minutes instead of hours, permits continuous production and assembly, yet provides all the strength and water resistance required by this type of application.

There are many other Armstrong's Adhesives. One of them may help you. Tell us what you'd like to do and we'll give you our suggestions. Write Armstrong Cork Co., Industrial Adhesives Dept., 5011 Reservoir St., Lancaster, Pa. Available for export.

### **ARMSTRONG'S ADHESIVES**

*by the makers of Armstrong's Linoleum*



**Quick bond laminates to counter tops**



THE CAN THAT'S MAKING

**New Leaders**  
IN MANY INDUSTRIES

**CROWN SPRA-TAINER**

FIRST and LEADING LIGHTWEIGHT PROPULSION CAN

Whenever you see a product that s-p-r-a-y-s from a can, chances are it's in a Spr-a-tainer. Invented by Crown, Spr-a-tainer is the first and original lightweight low-cost Propulsion Can for popular use. Its impact on industry has been tremendous. Sales of products in Spr-a-tainers have zoomed to leadership, far out-distancing similar products in old-style containers.

**SPRA-TAINER** is not only First on the Market, First in Sales. It's the only Propulsion Can with "No-Side-Seam, No-Top-Seam" for maximum strength and protection.

**THINK**—what can Spr-a-tainer do for YOUR product? It has helped other companies make great gains. It may help you! Why not ask us about it? There's no limit to its possibilities!

**AND REMEMBER**—Crown's inventive genius and mechanical skill which led to the invention of Spr-a-tainer are constantly at work perfecting all Crown Cans for every purpose. When you buy cans it's to your advantage to call on Crown FIRST!

For more information about Spr-a-tainer and/or Crown Quality Cans, mail this coupon:

Name

Address

Firm

- ☐ Please send me the "Story of Spr-a-tainer"  
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What's Your Idea?

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One of America's Largest Can Manufacturers

Plants at Philadelphia, Chicago, Orlando • Branch Offices: New York, Baltimore, Pittsburgh, St. Louis • Division of the Crown Cork & Seal Company



SECRETARY who bought the boss' business. Hilda Meguschar outside her plant.

## Clothespins Are Holding Up Nicely

One small mill turns out 1,750,000 a week of the old-fashioned kind and makes a tidy profit.

Right now, Hilda Meguschar is pin-up girl for a big batch of American housewives. Miss Meguschar makes clothespins; the housewives do the pinning out on the family backyard line.

Business is popping at Miss Meguschar's Spencer Wood Products Co., in Owen County, Ind. The plant turns out old-fashioned wooden clothespins, the kind with a lengthwise slot. And housewives are clamoring for them, despite all the new-fangled plastic and spring clip pins on the market.

• **Scare Buying**—Miss Meguschar likes the heavy run of business, but she has a healthily skeptical idea of why things are so good. Clothespins were scarce during World War II, she points out, and Korea raised the specter of another shortage in the mind of Mrs. America. So Mrs. A. is building up a hasty little clothespin hoard.

When the run is over, Miss Meguschar doesn't know what the trend in clothespins will be. Doesn't worry much either. She's seen a lot of trouble before; in fact, that's how she got the business. She was the boss' secretary back when the depression broke Spencer Co. So the secretary bought the wreck of the business; she's been the owner-operator ever since. Another reason why Miss Meguschar wouldn't mind a

little business slump: She'd have more time for gardening.

• **Brother Helps**—Even now, she's not as overworked as she used to be. When her kid brother came back from France after the war, she made him a full partner, in charge of production. She handles sales and the business end herself.

The likely end of housewifely hoarding isn't the only speck in Spencer Co.'s ointment. There's the question of costs, going up all along the line. Steel for saws is up, so are the beech logs the company buys from farmers around the hilly country. What's worse, the farmers sometimes prefer not to sell their wood; they'd rather leave the trees standing than pay income tax on the profit.

• **Wage Boost**—Labor costs are another Meguschar problem, but you can't blame it on labor. When the new income tax went into effect Oct. 1, the boss voluntarily tacked 8¢ an hour on the pay of all 53 employees. They'd already had a raise in June and didn't ask for more now. It's a nonunion shop, incidentally.

Since Korea, the price of clothespins has gone up 5%—compared with a 15% rise in costs—and the whole industry is afraid it will have to hike the

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FASTEST DELIVERY...  
SO ROUTE THAT  
SHIPMENT BY  
P-I-E..."



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Comparable Speed to All Intermediate Points



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The Oregonian is your best buy to sell Oregon women! The Pacific Northwest's biggest newspaper... ahead by tens-of-thousands in circulation. The Oregonian is always FIRST with women, FIRST in sales impact and advertising results.

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A SPLITTER of iron in cloth or chemicals... a bolt or a nail in any inflammable material... start explosion or fire when they strike sparks from fast-moving machinery.

Then: Destruction, Repair, Rebuilding, Lost Orders... fill in your own details.

Protect against tramp iron with Eriez Magnetic Separators. Choose either the permanent (non-electric) type... continually on guard, costs nothing to operate... or the electromagnetic type... for extra heavy duty jobs.

Eriez also provides the RCA Electronic Metal Detector for detection of ALL undesired metal inclusions. It sees electronically, warns, marks, rejects... protects against fire, protects your machines, protects your product.

For detailed engineering data on protection against tramp metal in any form, ask...

**ERIEZ MANUFACTURING COMPANY**  
206 State Street, Erie, Pa.  
Exclusive Distributors in U.S. and Canada for  
**RCA ELECTRONIC METAL DETECTORS**

price still higher. In mid-October, Miss Meguschar's Spence brand was selling to wholesalers for \$6.50 for 48 boxes of 30 pins each. The plant turns out 1,750,000 clothespins a week.

• **Plastic Pins**—There's still plenty of market for that output, and that of the other makers of old-fashioned clothespins. The industry was afraid that the advent of plastic pins would make a big dent, but it didn't turn out that way. Spring clip pins took a bigger bite out of the market than plastics.

A worry now is the very low tariff on wooden clothespins imported from Sweden. The industry would like some protection from this rugged competition.

• **Home-Grown Wood**—Despite these troubles, Miss Meguschar tells of plenty of prosperous competing companies in Michigan, Kentucky, and Missouri—anywhere that home-grown wood is available.

Before she took over, the Spencer plant made wooden broom handles, from hard maple. Then the auto makers snared the hard maple supply for wheel spokes. That and the depression put Spencer out of business. Then Miss Meguschar took over and converted to clothespins made from beech logs. The story has been happy and profitable ever since.

## Sliced Turkey

Families balk at week-long ordeal of gobbler a la everything. So growers chop up big birds to sell piece by piece.

It's not too many turkeys that breaks the price—it's too much turkey hash. The birds are just too big for the average family to knock over in one meal. So rather than face faintly disguised leftovers for the rest of the week, housewives buy something else—ham or pork or beef, for instance.

• **A Problem**—To members of the National Turkey Producers Federation, this is a serious matter—especially serious this year in the face of the biggest crop of gobblers on record, a price drop of 2¢ to 3¢ a lb. already, and no government support buying.

• **A Solution**—The federation thinks it may have the solution, though. It's running a big campaign now to teach butchers to cut big toms up and sell them by the piece. That way housewives can buy just a boned breast or a leg and thigh—enough for one meal only. The theory is that it's better to sell one turkey to two families than to keep it intact and not sell it at all.

A test in the O. P. Skaggs store in Salt Lake City convinced producers that they were on the right track. Skaggs'

sales of cut-up turkeys last May amounted to twice the poundage sold the previous November in the form of whole birds. The store had an extra reason for liking the system. It made three times the usual markup when it sold cut-up birds.

• **Incentive**—The federation hopes that by giving the butcher the processing profit it will be able to get turkey meat in display cases the year round and at prices competitive with red meat.

A butcher who pays 50¢ a lb. for a 25-lb. tom can make a 25% markup by selling the boned breast for 97¢ a lb., drumsticks for 71¢, rib back for 34¢, and soup bones for 11¢. By comparison, chicken legs currently retail in Chicago for 89¢; hams range from 49¢ a lb. to 69¢; and ground beef is 59¢.

A family of four can get plenty of turkey for one meal out of the 3 lb. on the drumstick and thigh. It will cost them about \$2. Besides the turkey, housewives will also be able to get cooking instructions from their butcher—who is getting them from the federation: Drop the pieces into fat for browning; then braise in the oven for an hour or an hour and a half.

• **Whole Birds Aplenty**—But if you're the kind who likes to have a turkey with all its legs and wings attached at your Thanksgiving dinner, don't worry; there will be plenty of whole turkeys this holiday season.

The Army stopped buying its flock of turkeys a few weeks ago, and supplies began to back up. California producers, who grow 15% of the crop, are now being offered only 23¢ a lb. for toms—less than the cost of production.

The small hens are moving all right; there may even be a shortage of them by Christmas. They're in demand because (1) they fit into small apartment ovens, and (2) they can be eaten up in one or two sittings.

But it's the big toms that concern the turkey trade—the broad-breasted breed that the Army wanted during World War II. There aren't enough restaurants and institutions in the country to eat up the big breed that is getting bigger all the time.

• **Out of a Slump?**—By Thanksgiving, prices to consumers may be just about what they were last year. The federation believes the movement of birds to market will have tapered off to normal by then, and consumer buying power will do the rest. If federation hopes are realized, it will mean the end of a two-year price slump. Eviscerated toms sold for around 89¢ a lb. early in November, 1948, and for around 69¢ this time last year. They're priced now in the neighborhood of 57¢. But some trade experts believe the federation is too optimistic on the price, and that it won't rise much even in the peak consumption period.



## What does the new Royal Electric offer men of management?

The new **Royal Electric** offers management an extraordinarily efficient typewriter for every typing need—from the front office to the typing pool.

The letters of the president and chairman of the board have a beauty, sparkle, and evenness that are truly startling. Such letters do them credit.

And in continuous typing jobs Royal Electric gives you speed, clarity, and economy. In heavy duty work it can supply as many as 20 clear carbon copies.

Under all circumstances the new Royal Electric lessens operator fatigue and tension, adds to morale.

**Here's important news!** There is no time-consuming "change-over" problem with the Royal Electric.

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Exclusive **"Touch Control"** allows the operator to adjust the key tension to give her the touch she's used to. **"Magic" Margin** permits instant, automatic margin setting. *These are exclusive Royal Electric features!*

Let us show you how efficient the new Royal Electric can be in your office. Have your secretary send in the coupon.

### SEND IN COUPON NOW!

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I would like a copy of the brochure, "Picture of Progress," describing the new Royal Electric.

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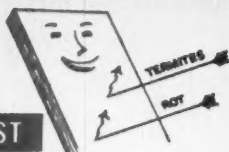
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**PROTECTION**—Treating of lumber preserves it—just as alloys preserve metals. The purpose is to protect lumber against costly rot and termite damage.



## SECOND

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## THIRD

**OTHER QUALITIES TO LOOK FOR**—For greatest usefulness, preservatives also should be clean, odorless, paintable, non-leaching and non-corrosive.



For complete information about **WOLMANIZED®** Pressure-Treated Lumber, write for free booklet.

\*Reg. U. S. Pat. Off.



## FOURTH

**WOLMANIZED** Pressure-Treated Lumber combines all these requirements—lasts 3 to 5 times longer than untreated wood, because it's treated under 150 lbs. pressure per square inch. Protection is deep in the wood fibers. It's clean, odorless, paintable, non-leaching, non-corrosive. Wolmanized Pressure-Treated Lumber has been proved in use for over 25 years. It will prove its value to you, too.

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PRESSURE  
TREATED LUMBER

## READERS REPORT

### Draftees' Insurance

Sirs:

In your article entitled "What About Draftees' Pensions?" [BW—Oct. 7, 1964, p124], you quoted the Selective Service Act that draftees are entitled to "participate in insurance and other benefits pursuant to established rules and practices relating to employees on (nonmilitary) furlough or leave of absence." You go on to say that insurance must be continued for drafted employees if company rules say policies will be kept in effect for a worker on furlough or leave of absence.

As I read the Selective Service Act it says that an employee reinstated in his job after military service is entitled to "participate in insurance." This is quite different from the requirement that insurance must be maintained during the period the employee is on military duty.

Am I justified in feeling that your article is misleading, or do I fail to understand the actual requirements of the law?

JOHN M. KEYES

ASSISTANT TREASURER,  
GUARANTY TRUST CO. OF NEW YORK,  
NEW YORK, N. Y.

• The Selective Service Act quotation in the article comes from Section 9 (c), which applies to re-employed draftees. It says that they "shall be entitled to participate in insurance . . . pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer" at the time of induction.

We find that there are many different interpretations of the exact meaning of that provision. Certainly there is sound justification for your viewpoint. The law doesn't say anything about an employer being required to keep policies in effect for his draftees. It just requires him to let returning draftees "participate in insurance" on the same basis as employees who have been on nonmilitary leaves or furloughs.

However, there is now a growing tendency to interpret the provision to mean that the draftee, while away, has the exact status of an employee on nonmilitary leave or furlough. Courts supported that viewpoint in post-World War II cases involving vacation-pay rights.

That brings up this tricky question: What happens if a company customarily continues insurance coverage for employees on nonmilitary leave or furlough?

Some companies do, for reasonable

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*Home made tools have become common at Arma where horizons in precision manufacture have been so widely extended. This one makes possible the high accuracy of Arma Fire Control Computers. It measures voltage ratio at an accuracy within 1/10,000th.*

compasses, complex remote control systems, and the "Brain Block"\* instrument components which are now widening the high-ways to product development and more economical production.

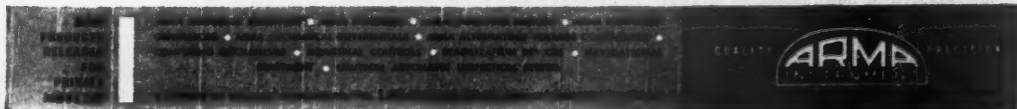
**To help you** utilize Arma as a resource, and to save valuable time in determining the areas in which consultation with Arma might prove the solution to your problem, please ask for the series of booklets describing Arma products released for private industry.

\* "Brain Block" components and the "Brain Block" technique of instrumentation were created by the people of Arma Corporation. The contributions thus made to the development of electrical brains for machines stagger the imagination. Why not have your designers explore with us the new instrumentation possibilities this may open to your organization.

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lengths of time, when employees are on leave. It appears that these companies may very well be open to demands that this same kind of coverage be extended to draftees.

Fortunately, most companies that provide for continuing the policies of employees on leave set a time limit for doing so; they usually say that "insurance carried by the company for the benefit of the employee shall be continued during leaves of absence for a period not exceeding 60 days," or 30 days, or in a few cases six months.

### How Much Aluminum?

Sirs:

Your Washington Outlook on aluminum expansion [BW—Oct. 14 '50, p15] is interesting, but confusing.

Isn't it a total of 2-billion additional pounds of aluminum . . . to raise output to 3.4-billion lbs.?

Even this figure appears high—it would cost \$2-billion—and might be too high a target, don't you think? We hear that a billion pounds of new capacity is actually what the government wants.

W. B. GRIFFIN

PUBLISHER, MODERN METALS,  
CHICAGO, ILL.

• 1.4-billion lb. present U.S. capacity; 1-billion lb., roughly, Canadian capacity. What we meant by 4.4-billion figure was 2.4-billion lb. present capacity—U.S. and Canadian—plus 2-billion lb. additional.

As to what the government really wants in the way of new capacity—publisher Griffin may well be right. But you can't be sure that they aren't just as serious about 2-billion additional lb. as they are about the 1-billion figure first used.

### I or A

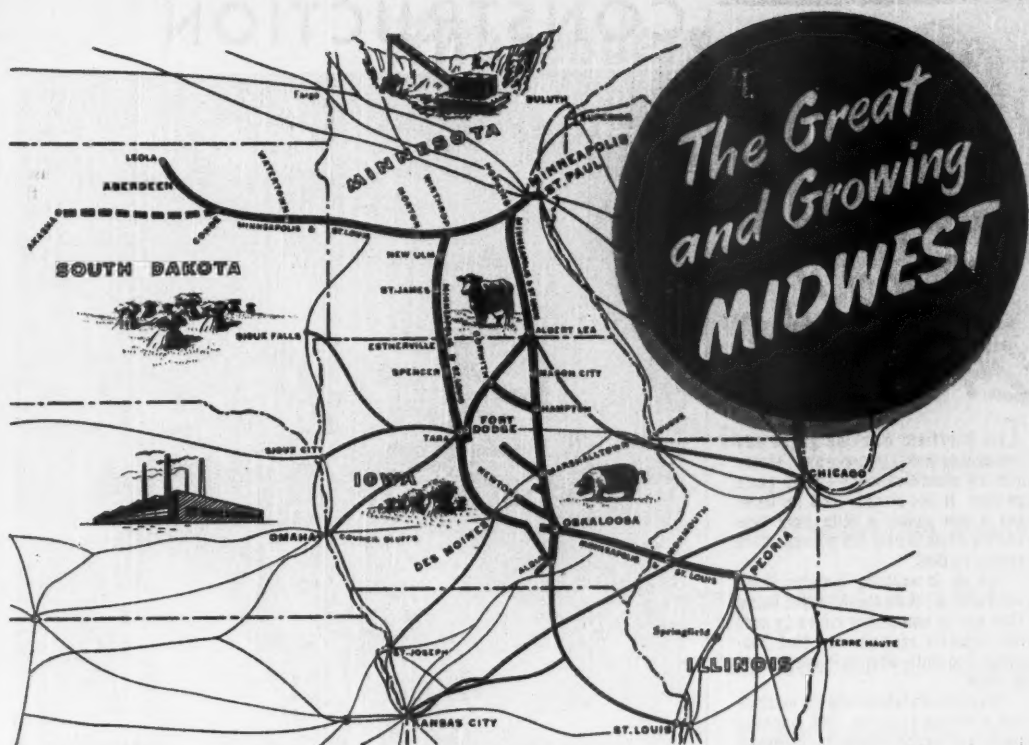
Sirs:

Being a secretary in an office where BUSINESS WEEK is subscribed to, I have found a great deal of pleasure in reading your magazine and have relied upon it for correct information. . . . But! . . . how do you suppose Mr. Wilson feels after having read in the Oct. 14 issue, page 30, "Except for three or four top men, all present NPA staffers are veteran Commerce Dept. personnel (chart). Administrator William Henry Harrison came to the post from American Telephone & Telegraph Co. where he is president."

MRS. OLIVE J. LUSTY

INDIANAPOLIS, IND.

• Of course, we knew all the time that Mr. Harrison is president of IT&T.



The four Great Midwest States served by the Minneapolis & St. Louis Railway gained an average of 5 per cent in population during the past ten years. The 1950 census gives Illinois, Iowa, Minnesota and South Dakota 14,925,473, nearly 10 per cent of the United States' total.

Coupled with impressive gains in industrial output and per capita income, the population increase evidences the importance of this rich heartland of America as a consuming market and as one of the finer places to live and work.

The Midwest's growth since 1940 is peculiarly significant because of the kind of people who inhabit its farms, villages and cities. No other region can boast a higher percentage of skilled, industrious and progressive farmers, workers and business men.

For a century, the Midwest has been America's greatest agricultural producer. Now, on the solid foundation of wealth from fertile farms, it is fast building a mighty industrial empire. Its communities offer ideal locations for all types of business and manufacture.

Transportation service, as fine as any on earth, is provided by modern, efficient railroads. Important among these is the strategically located M. & St. L. In and through the Great Midwest,

**Freight Moves Faster via the M. & St. L.**



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## Saved in 24 months

This Sheffield machine gages and segregates refrigerator valve plates into 28 classifications—2,000 parts an hour. It has already paid for itself and is now saving a little more than \$1,000 a month over the previous hand gaging method.

The job is exacting because these valve plates have a highly lapped finish. They can be completely ruined by even the slightest scratch, and that happened frequently when they were gaged by hand.

The parts are loaded into the machine and a button pressed. The machine sorts and stacks them in individual chutes according to size, without marring their finish.

If you inspect mass-produced parts, why not look into the possibilities of Sheffield gaging and segregating machines. You will gain the benefit of Sheffield's many years of experience in this field. Write for engineering data.

5480



## CONSTRUCTION



EVEN BRIDGES get loose after 20 years. Bolts keeping suspenders from slipping down main cables have to be tight. Workmen in movable cage are tightening them.

GEORGE WASHINGTON BRIDGE:

## Its Aching Joints Are



SLEDGES and wrenches loosen bolt, which is measured again relaxed. The stretch is a



measure of the tension. Then bolt is re-tightened to 100,000-lb. stress.



**EXTENSOMETER** measures length of bolt under full tension.

## Overhauled

Strange-looking aluminum cages are inching along the main cables of New York City's 3,500-ft. George Washington Bridge across the Hudson River. The 10-ton cages are the workrooms of skilled mechanics, who are tightening the bolts of the bridge for the first time since the bridge was completed back in 1931.

• **Slipping Down**—The bolts—all 3,368 of them—are under enormous strain. Here's why: Suspender bands, looped over the main cables, reach down to the bridge floor, transmit its weight to the cables. But the cables slope down, then up again, from tower to tower. Hence, the suspender bands tend to slide down the cables, especially at the high ends where the slope is steeper. Here the suspender bands are somewhat longer.

To prevent slipping, bolts link the two sides of the loop under the cable, pull them together under 100,000-lb. tension. More bolts are used at the

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# Tall Tale

Speaking of smoke, you should have seen Paul Bunyan's hot-cake griddle in action at daybreak along the Little Gimlet. Griddle was so big you couldn't see across it on a misty morning. Took two cement mixers to stir the batter and half a dozen men skating around on slabs of bacon-fat to keep the pancakes from sticking.



## to Fabulous Fact

In the smoky days before silicones, thousands of bakers worked all day at greasing machines to keep our daily quota of 30 million loaves of bread from sticking to the pans. Kept a few thousand more men busy scrubbing grease stained floors and uniforms; cleaning the smoke stained walls and ceilings; scraping carbonized grease from the pans. Now progressive bakeries use DC Pan Glaze, a Dow Corning Silicone coating that keeps bread from sticking for at least 100 bakes per application. It never gives off smoke or leaves a charred residue; never wipes off on uniforms; never turns rancid. It sets new standards for quality and cleanliness. Here, as in most industries *Dow Corning*

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**FINAL TEST.** After retightening, the extensometer shows all is shipshape.

high points of the cable. In time, the strain stretches the big steel bolts, loosens the grip of the suspender bands on the cables.

It's to correct this that workmen are now toiling 610 ft. above the Hudson. The work cage is slid into position at a suspender band, then crews on its two decks go to work.

• **Full Strain**—First step is to measure the length of the bolt under full strain. This is done with an extensometer which measures to 1/10,000 of an in. The bolt is carefully cleaned before the reading is taken.

Next the nuts are pounded loose with sledgehammers and hammerhead wrenches, roped to keep them from falling. With all strain off, the bolt is measured again. The difference shows how much tension is still on the bolt after 20 years.

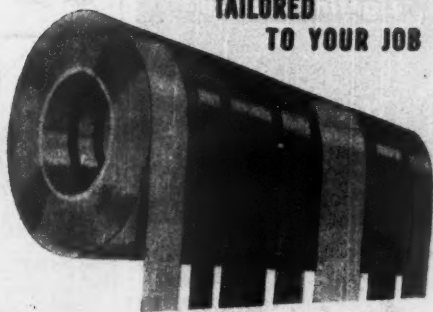
Now ratchet wrenches retighten the nuts back to the 100,000-lb. stress. The extensometer is brought out again, establishes that the exact tension has been restored. And one more bolt is ready for 20 more years.

• **Stood Up Well**—Engineers working on the George Washington Bridge are pleased by the way the bridge has stood up. The over-all loosening is about what was expected, though individual bolts have stretched in an erratic pattern. One quirk: In each series, the second bolt from the end has stretched more than the average. The engineers don't know why, probably never will. But it's a bit of information they will be able to incorporate into future bridges.

Tightening up the bolts loomed as a difficult task until the aluminum cages were designed. With them it's relatively easy. The cages ride the cables on rubber-shod rollers. When one suspender is finished, the whole rig is winched along to the next. Inside, the crews are safe despite the dizzy height. Nets and screens cover all floor openings, eliminate the danger of stray tools plummeting down on the roadway far below.

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Think for a moment and you'll realize how many jobs you have now that tape could do better—if

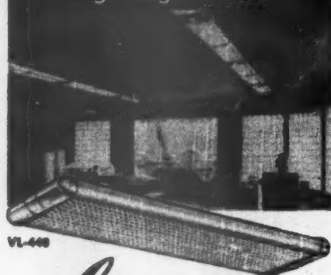
there were a tape made for that job. Chances are we have it. So take us up on our challenge. We don't think we'll lose. And we know you won't!

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I-5

# GOVERNMENT

## Here's the New View of Fiscal 1951

|                                     | Jan. 1<br>estimate | Current<br>estimate<br>(In Billions of Dollars) | Net<br>change |
|-------------------------------------|--------------------|---|---------------|
| Defense .....                       | \$13.8             | \$21.0  | +\$7.2        |
| Foreign aid.....                    | 4.9                | 5.4   | —0.5          |
| Veterans .....                      | 7.1                | 6.5   | —0.6          |
| Welfare .....                       | 5.5                | 5.01  | —0.5          |
| Housing .....                       | 1.2                | 0.2   | —1.0          |
| Agriculture .....                   | 2.2                | 2.0   | —0.2          |
| Public works.....                   | 3.9                | 3.0   | —0.9          |
| Labor and unemployment.....         | 1.8                | 1.1   | —0.7          |
| Debt service and miscellaneous..... | 5.4                | 5.4   | ...           |
| Total spending*.....                | 45.8               | 49.6  | +3.8          |
| Total revenue.....                  | 43.1               | 50.1  | +7.0          |
| Deficit or surplus.....             | —2.7               | +0.5  | +3.2          |

\*Includes payments from social security and other government trust funds; these are not reckoned in the conventional budget.

## Pay-As-We-Go Mobilization

That's what U.S. will have, at least until next June. A \$7-billion jump in government income, plus some windfall savings, will more than wipe out any increase in spending for defense.

The U.S. is going to pay cash for mobilization—at least until next June. That's the picture today, now that the major spending and taxing decisions have been made.

You couldn't do a solid review of the federal budget for fiscal 1951 before: Congress and the mobilizers dawdled in setting the pattern for rearmament. And the Budget Bureau is too busy with '52 plans to get out its regular recap of income and outgo for this year.

But, by piecing together latest figures on appropriations, spending rates, and income, you can make your own estimate. And here's what you get:

**Spending** will be up almost \$4-billion from the President's Jan. 1 estimate. Of course, Korea and rearmament will take a lot more than an extra \$4-billion. But mobilization will also save some farm price support and government housing money.

**Revenue** will be up around \$7-billion. Rearmament means higher tax rates and higher incomes, too.

A surplus of \$500-million will be the result. (In January, the prospect was for a \$2.7-billion deficit.)

That is the cash budget. It covers all the money government takes in from all sources—social security premiums and other trust funds, as well as taxes—and pays out for all purposes. In all, spending for fiscal '51 is esti-

mated at \$49.6-billion, income at \$50.1-billion.

This cash budget isn't the budget you usually hear about. The conventional budget doesn't figure trust fund money. And without trust money, you come up with a deficit of \$1-billion. (Trust fund income this year will exceed payments by about \$1.5-billion.) It's the cash budget that shows the real impact on the economy. It shows exactly how much money is put in or taken out of the spending stream by Washington—and whether the Treasury has to borrow.

Here, in detail, is what has happened to spending and revenue prospects since the first of the year:

### I. Spending

• Defense will go up more than one third, from the President's January estimate of \$13.8-billion, to about \$21-billion. Mobilization will just be getting up momentum when fiscal '51 ends.

• Foreign aid will take about \$500-million more than Truman figured, coming to \$5.4-billion. Congress cut ECA back, but the extra aid voted for military assistance to Europe should be flowing in more than enough volume to offset the cut.

• Veterans payments will drop around \$600-million, from \$7.1-billion



*here is the new*

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The Factory Mutual Laboratories require that a 20 lb. dry chemical fire extinguisher effectively cover 25 square feet of burning area . . . but the Kidde 20 pounder blanketed 36 square feet . . . gave 44% extra coverage, extra safety!

Kidde Dry Chemical Fire Extinguishers are quick and sure for fires in flammable liquids, live electrical equipment and for textiles. Kidde Trigger-Finger Control lets you just pick up extinguisher, point the horn and pull the trigger. Kidde streamlined diffuser horn gives you improved, cloud-like discharge pattern, greater coverage, and a heat-insulating blanket to guard the operator. The dry chemical absorbs heat, smothers flames, reaches corners, cracks, crevices. When these Kidde units go on, flames go out.

Kidde Dry Chemical Fire Extinguishers in 20 and 30 pound units, are built to last, easy to use, simple to recharge . . . and give you a big margin of safety. Use the right kind of extinguisher for the right kind of fire—use Kidde.

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# Kidde

to \$6.5-billion. Veterans tend to leave school and hospitals when jobs are plentiful.

- Welfare costs are going to be down around \$500-million from \$5.5-billion. Truman had counted expenditures for federal medical insurance and social security benefits to the disabled. But Congress refused to approve.

- Housing financing was expected to cost \$1.3-billion. But restrictions on construction and construction credit will trim off at least \$1-billion.

- Agriculture and commodity credit operations were expected to need \$2.2-billion last January. But falling farm prices in the spring prompted a \$400-million upward revision. Now the demand for farm products means the department can get by with \$2-billion or even less.

- Public works will be cut back about \$585-million from the pre-Korean figure of \$3.6-billion. This was already \$300-million under the January figure.

- Unemployment compensation and Labor Dept. activities were budgeted at \$1.8-billion. But high employment will reduce benefit obligations by \$700-million.

- Debt service and other items will stay about the same, \$5.4-billion.

### II. Revenue

Back in January, the Treasury expected to collect \$43.1-billion during the year. Since, Congress has voted some new taxes, committed itself on more. Also, estimates were based on personal income of \$210-billion, corporate income of about \$28-billion. But now, the figures are \$223-billion and \$40-billion—and they are still rising.

- The stopgap tax law is designed to raise \$4.6-billion for a full year's operation. About \$2.5-billion will be collected within fiscal '51.

- The Mills Plan for speeding corporate tax payments will bring in an extra \$1.7-billion or \$2-billion by next June 30.

- Higher incomes should add around \$2-billion.

- New taxes still to be voted—an excess-profits levy and higher regular income rates—will bring in less than \$1-billion. The excess-profits tax will be retroactive to somewhere between July and October, 1950, but only part of the retroactive obligation will be due in fiscal '51.

### III. Next Year

Even though added taxes bring in \$6-billion to \$10-billion more in fiscal '52, there will be a whopping deficit.

Spending will be up \$18-billion or so. Defense again will rise sharply; it's sure to go above \$40-billion, maybe to \$45-billion.





**LEFT:** The American machine harvesting sunflower seed in a field near Buenos Aires has been adapted to its work by an ingenious, Argentine-designed attachment. **BELOW:** A prospective buyer sees for himself the long fleece of a prize-winning Argentine sheep.



## Argentina's wool helps to pay the bill for U. S. farm equipment

**L**IVESTOCK shows are national events in Argentina. Some of the world's finest livestock roam the vast plains stretching from wind-swept Patagonia in the south to sub-tropical Chaco in the north. On the fabulously fertile table-like pampa, the heart of these plains, Argentina produces more food in proportion to her own consumption than any other nation. Important crops of cotton and oilseeds are also raised.

For several years, wool has held a leading place in Argentine exports to the United States, followed by hides, tanning products, casein, canned meat, and oilseeds. Imports from the United States—three-fourths of which last year consisted of machinery, tractors, electrical apparatus, engines, turbines, and transportation equipment—show the influence of a forceful industrial development and of an effort to modernize farming. The similarity of conditions on the Argentine pampa and our own prairies makes our farm equipment particularly suitable.

With four branches in Argentina, The National City Bank of New York is especially well equipped to assist in financing the movement of goods between the two countries. For information, call or write Overseas Division at Head Office.



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## Big Small Change

Mints work overtime to meet Korea-born demand for pennies, nickels, and dimes. September production doubles 1949.

Their value is getting smaller every day, but their popularity is going up. That's pennies, nickels, and dimes.

The public call for small change—no matter how small it's gotten—is keeping the Treasury Dept.'s mints running on a 60-hour week in San Francisco, Denver, and Philadelphia. The overtime has now been running for three months.

• **Pennies**—Pennies alone are being turned out 8-million a day, and Federal Reserve banks are also calling for plenty of nickels and dimes to get ready for the Christmas rush.

The small change rush started with Korea. A year ago, mint business was slow. Now, just from July to September, the Bureau of the Mint turned out 400-million coins—80% of its total output in fiscal 1950. September production in 1950 was more than double the previous year. And pennies, nickels, and dimes were the biggest sellers.

• **Taxes**—Why the demand for 26.4 tons of 1¢ pieces daily? Treasury officials answer: war, taxes (sales and excise), more buying. Prices have gone up for soda pop, streetcar fares, cigarettes, and gasoline. And then folks used to buy groceries on credit at the corner store. Modern housewives prefer cash-and-carry markets, need plenty of change in their purses. Farm boys who rarely had money in their jeans in the fields now feel the need for cash in the armed services, for post exchange purchases. Parking meters, scarce before the last war in shopping districts, now practically festoon the city streets, clamoring for pennies and nickels.

The Bureau of the Mint hit peak production in fiscal year 1945, with 2.6-billion coins. Since then, it's been falling steadily, until recent months.

• **Copper Cost**—Rising copper prices create a headache for the Treasury. There's plenty of copper for pennies; it won't have to be replaced with zinc-coated steel, as was the case in World War II. But production costs are higher. Incidentally, most of the zinc-coated pennies are still in circulation, even though bus drivers and merchants complained that they could be mistaken for dimes when first introduced.

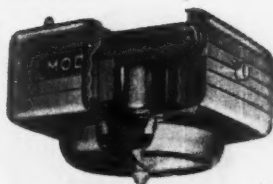
To adulterate the metallic cocktail for minting, the Bureau of the Mint has to get permission from Congress. Current outlook is that there will be no need for such legislation or for deficiency appropriations to cover higher copper and nickel costs. The Bureau

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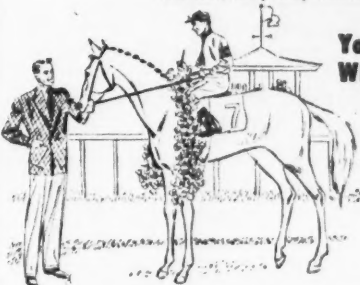
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makes enough from the sale of its output to the banks to take care of such contingencies.

• **Picavune**—Nor does the bureau see any need for "one-bit" coins (7½¢), as proposed by some congressmen, as well as by a lobbyist for a carbonated drink. Mint experts point out that minting of a 7½¢ coin must be accompanied by production of a picavune (2½¢) or a ½¢ coin. Vending machines can't handle such coins, nor can they be rung up on cash registers. Most cash registers have no compartment for such odd pieces. There would also be the problem of redesigning tabulating and computing machines, as well as change-making machines.

Besides, mint employees already have plenty to do turning out pennies, nickels, dimes, quarters, and half-dollars. The mints are working a 10-hour day, six days a week. Officials decided it would be cheaper to pay overtime wages than to recruit and train new men who would soon have to be laid off.

## Security Check Set Up For Defense Plants

The Defense Dept. is busy fitting plugs for any possible leaks of secret information from plants with military contracts. Prospective bidders and contractors will not be allowed to see any classified information until they have received a "facility security clearance."


Plants will have a hard time getting such clearance if any of their officers, directors, owners, or key employees are not U.S. citizens, or if the FBI turns up any unfavorable information about them.

• **Top Secret**—Tightest investigations will be made of plants seeking Top Secret contracts. Even U.S. citizens connected with such plants must undergo a background investigation going back 10 years into their lives.

On Secret contracts, citizens must merely undergo the less rigorous "national agency check"—a check of FBI and military intelligence files. There will be no investigation of citizens working on Confidential and Restricted contracts. But aliens on any classified contract face the full background test.

In addition to the check of employees and officers, a military agency awarding a classified contract may investigate the plant itself to see if there are physical facilities like safes to protect military information. Contracts can be held up pending the correction of unsatisfactory conditions.

To speed things up, the Munitions Board has set up a central security file. Once a plant is cleared by any one service, it will be O.K. to do work for the others.



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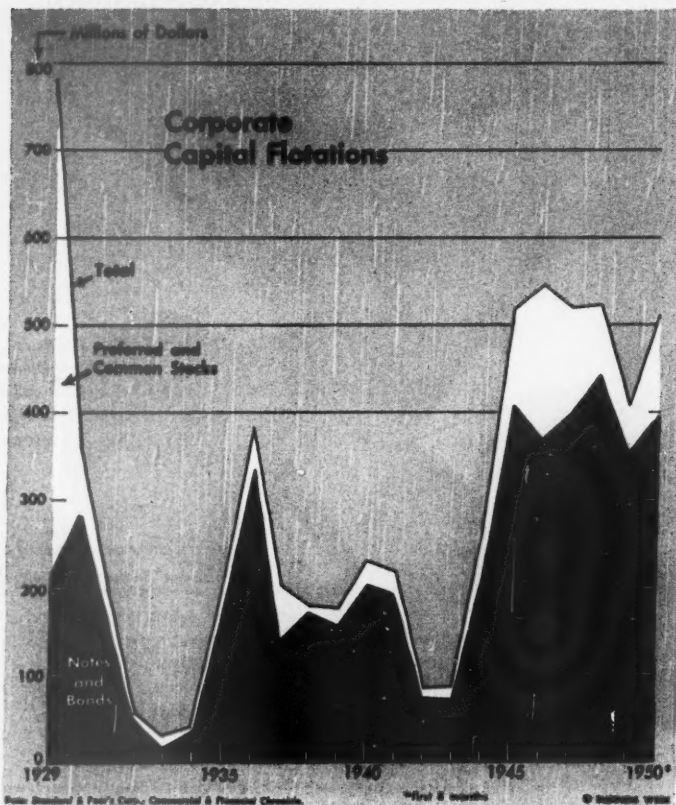
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# FINANCE



## Boom in New-Issues Market

Heavy public financing is bound to come, as capital spending continues at record levels. And rising taxes will make it impossible to handle expansion by the use of reserves.

The new boom in capital spending is gathering momentum every day. Already, 1950 promises to be the second highest year on record. And there's no letup in sight in the steady outpouring of cash (BW—Sep. 16 '50, p. 24).

• **Defense Plans**—Expanding defense plans mean more spending for new plant and equipment. And rising incomes give civilian producers new incentive to enlarge capacity. As a result, it looks as though 1950's capital outlay may top the \$18.1-billion total of 1949, second-highest year in our history. And 1951 spending will come close to, if not top, the all-time record of \$19.2-billion chalked up in 1948.

All that spending adds up to a prospect of very big business in the new-

issues security market. For industry has to raise really big money there.

At first glance, business might seem to be in a strong enough cash position to handle expansion out of its own funds. Last June, corporate working capital reached the record total of \$73.8-billion (BW—Oct. 21 '50, p. 109). And corporate profits have been climbing to all-time highs (BW—Oct. 28 '50, p. 19). That adds up to a lot of money, but not enough for major expansion. Here's why:

• It takes much more than "normal" working capital to make the corporate mare go these days.

• Quite a big slice of the year's profits will be sopped up by dividends (page 119).

• It's a sure bet the federal tax gatherers will siphon off the biggest share of corporate earnings that they've taken in many a day.

All this adds up to a very active new-issues market, with special accent on corporate bonds, according to most smart business observers. Some Wall Streeters think that 1951 will see an even greater flood of corporate financing than in 1946—top year since the roaring 20's (chart).

• **Monthly Average**—It wouldn't take too much of an upsurge to beat 1946. Through August, 1950, new issues were running at a monthly average of \$503-million. That's pushing the 1946 average of \$542-million.

The margin of difference is small, but it may be hard to make up. For one thing, refunding issues are nowhere near the level of 1946. The fad for issuing new bonds to replace old ones with higher interest rates has faded greatly, though it's by no means a thing of the past. It would take another steep decline in going interest rates to reverse this trend.

It's in new-money financing that Wall Street may find 1951 the biggest year since the 20's. Indeed—with the one exception of 1949—the present year has produced more new-money operations than any since 1929. And the trend may become stronger in coming weeks.

• **More Stocks**—The sale of bonds is obviously going to provide much of this new money. But Wall Street expects stock shares to furnish an increasing percentage.

The pattern has already emerged. Through August, about 28% of all new-money financing was in the form of common and preferred stocks. That's the highest ratio for quite a while. In 1949, the figure was only 22%; in 1948 it was 15%; in 1947, 25%.

The utility industry this year will undoubtedly hold its long-time position as the biggest user of the new-issues market. And it's expected to maintain the lead in 1951, for both refunding and new-money operations.

• **Special Position**—The gas and electric utilities have laid out the biggest capital-spending program of any industry. And they're a different corporate animal from the other industries.

Utilities are public service corporations, regulated by the government and not primarily in business for profits. The law allows them earnings just large enough to insure them a "fair return" on their investment. Thus they never have a nest egg of withheld profits to finance plant expansion. New plant must always be financed by the use of depreciation reserves, plus the sale of bonds or stock.

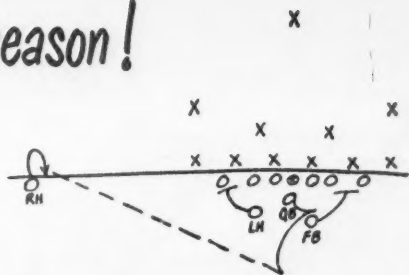
• **Industrial Shares**—However, general industrial issues may take a larger part



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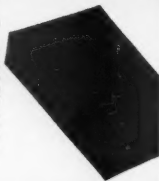
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of capital flotations than they have in recent years. Manufacturing companies are expected to spend a record \$4.4-billion on plant expansion and modernization in the last half of this year. (That's according to the latest government estimates, which could be on the low side.) That's close to \$1-billion more than in the same period of 1949. The trend is likely to continue next year.

The steel industry is also expected to cut itself in for a larger share of the new-issues market than it has in other postwar years. Steel has just completed a \$2.5-billion expansion-improvement program that was financed about 80% from earnings and depreciation allowances.

• **Second Expansion**—Now steel finds itself with another expansion program on its hands. The industry has agreed to increase annual capacity by 9.4-million tons by the end of 1952. To do this, many Wall Streeters think steel will have to lean much more heavily on the new-issues market than it has in the past.

Last week, the general public snapped up \$40-million of Kaiser Steel's common and preferred stock. Earlier, Kaiser had sold \$60-million of new bonds privately to a life insurance group and had arranged a \$25-million credit with three of the nation's largest banks.

• **RFC Mortgage**—Not all this triple deal was a new-money operation. Indeed, Henry J. Kaiser's main objective seems to have been to get out of hock to the RFC, which recently held a \$91.2-million mortgage on the steel property.

Still, \$33-million of the proceeds of the financing fall into the new-money category. Eventually, they will be used to expand Kaiser Steel's plant at Fontana, Calif., and to help pay the cost of a new tin plate mill.

The Iron Ore Co.'s operation, on the other hand, is wholly new-money. The \$100-million proceeds (now expected to come directly from a life insurance group) will be lumped with \$40-million of debentures and \$30-million of stock, which are being sold to the steel companies that organized Iron Ore Co. The whole amount will be used to develop the vast new ore fields of Labrador and northern Quebec (BW—Sep. 11'48, p40).

• **Insurance Groups**—There's a big question mark on how much of the expected new over-all financing will ever reach the general public. The two steel operations illustrate how avid the life insurance companies are for new issues, whether they are refunding or new-money issues.

So far this year, private sales have been accounting for more than 35% of all new-issue activity.



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## Pension Trust Buys Radio Network

General Tire's fund for salaried employees gets Don Lee radio chain. It will resell to General Tire if FCC approves deal.

Pension trusts, looking for ways to invest their money, are following the life insurance companies into real estate. And sometimes they are branching out even farther. This week, one of the most spectacular pension trust deals yet is hanging on the approval of the Federal Communications Commission, FCC, which must O.K. all transfers of radio and TV stations, is considering the purchase of a big West Coast radio and TV chain by the pension trust set up by General Tire & Rubber Co., of Akron.

• **Road to Real Estate**—When it started its trust for salaried employees back in 1947, General Tire could have funded the retirement program through a life insurance company (BW—May 13'50, p.71). But it figured the trust could earn more by making its own investments. Earnings of pension trusts are usually tax free.

So the trust began buying real estate under the supervision of its trustee, First National Bank of Akron, Ohio, and a four-man board appointed by General. This year, General saw a chance for its trust to acquire the estate of the late Don Lee, West Coast radio businessman and auto distributor.

• **Radio and Cars**—This estate had been inherited in 1934 by Lee's son, Thomas S. ("Tommy") Lee, and was incorporated as Thomas S. Lee Enter-

prises, Inc. Tommy Lee fell to his death from a building on Wilshire Blvd. last January, several months after he had been declared incompetent. Early this month, the Public Administrator offered the stock of Lee Enterprises for sale by written bids.

General wanted its pension fund to buy Lee Enterprises. The property includes a big radio network; General was already interested in the radio business, having owned New England's Yankee Network plus four of its 24 affiliated stations since 1942. Both the Don Lee and Yankee nets own part of the stock of Mutual Broadcasting System.

• **Bid, Bid Again**—The pension fund made a written offer for the stock of Lee Enterprises. But it was topped by a bid of \$11.2-million made by a group headed by Hoffman Radio Corp., of Los Angeles, and including oilman Edwin W. Pauley.

It looked as if the trust had lost out. But California has a peculiar law that permits losing bidders in such sales to make oral bids in court, provided that they bid 10% higher. So General's fund offered \$12,320,000 for the stock, exactly 10% higher than Hoffman. The Hoffman group refused to raise.

Here's what General's pension fund will own if FCC approves the sale:

(1) About \$5.5-million in cash and

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## *The BIGELOW-SANFORD productivity program — an interim report*

Last May we invited the Bigelow-Sanford engineering staff—assembled at a Company conference on productivity—to postpone for a moment their day-to-day projects to answer this question:

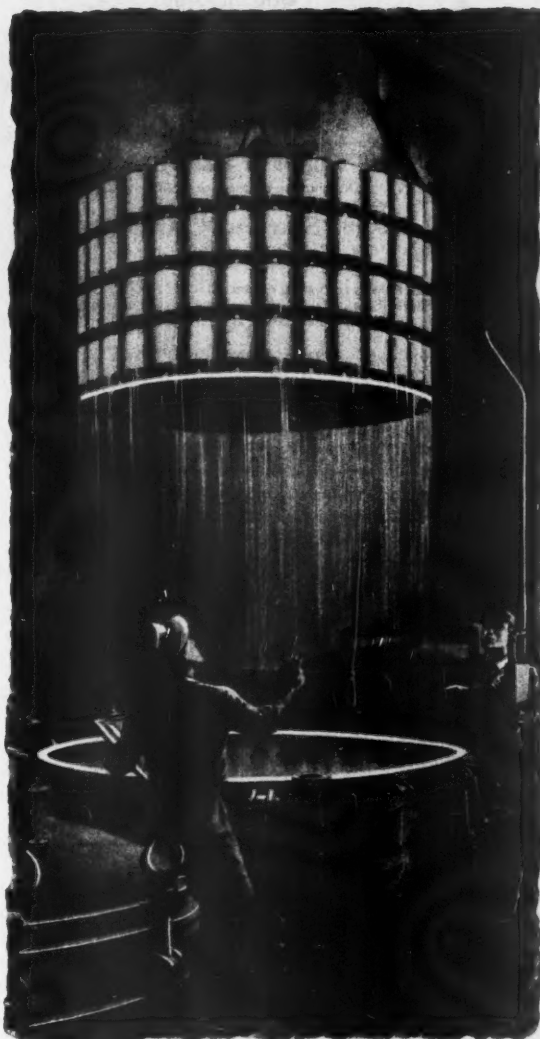
“What are Bigelow-Sanford’s most needed engineering ideas?”

Our 93 engineers came up with 268 suggestions . . . sound, practical proposals of real value to the Company. Many are already “work in progress”.

This is just one example of Bigelow-Sanford’s long-range productivity program—which has been stepped up to high gear since the end of World War II. Its objective: to expand the worker’s capacity to produce more and better carpets at lower cost—by giving him better tools and better ways to use them.

The program is paying off. The hourly output of the average Bigelow production employee is now approximately 30% higher than it was in the best years before the war—helping to offset increased material costs and wage rates.

Bigelow-Sanford makes and sells more carpets than any other company in the world. We never expect to reach the end of our productivity program . . . because the search for a better way to do things is profitable—for the stockholder, the employee and the customer.



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marketable securities. Half of this comes from the sale of the Don Lee auto dealer franchises.

(2) A three-acre radio and TV studio on Hollywood's Vine St., valued at about \$4-million, plus TV facilities on nearby Mt. Wilson.

(3) A Los Angeles TV station (KTSL) and pending TV permits.

(4) The Don Lee Network, which owns four of its 53 affiliated radio stations, and 19% of the stock of Mutual Broadcasting.

(5) A mansion that is an exact copy of an Italian castle—right down to a crack in a wall—plus an airplane, boats, and other items.

• **"A Natural"**—General Tire's president and founder, William O'Neil (picture, page 112), figures that the deal is a "natural," even if the trust is paying over \$1-million more than it expected to. If FCC O.K.'s the sale, the trust will divide up the package, keeping cash and income-producing real estate for itself and selling or leasing the rest. One of its biggest customers will be its parent, General Tire.

• The trust will sell the Don Lee Network, with its four owned stations and its Mutual Broadcasting stock, to General Tire.

• The trust will retain only the cash and securities, the Vine St. studio, and mountain-top TV facilities. It will lease these to Don Lee Network and Columbia Broadcasting System.

• The trust will sell TV station KTSL, plus most of the potential TV permits, to CBS. It will keep the potential permit to operate a TV station in San Francisco.

If the deal goes through, General will have to sell one of its radio stations. Seven is the most one company can own. Since General's Yankee Network owns four, adding Don Lee's four gives General one too many. It will probably sell Don Lee's Santa Barbara (Calif.) station.

• **CBS Interest**—CBS is anxious to get in on the deal. It wants a TV outlet of its own on the Coast. Right now, all CBS has there is a part interest in another Los Angeles station, KTTV. It will give that up if the plan goes through. General and CBS are used to working together—the Yankee web uses CBS television.

• **Great Expectations**—General won't say how much it has been making out of the Yankee Network, except that it gets a "substantial profit." Presumably, it expects to do well with the Don Lee web, too. Don Lee, privately owned up till now, hasn't been giving out its earnings and sales figures. It is believed to be grossing somewhere between \$3-million and \$7-million a year.

Thomas O'Neil, son of General's president, will supervise the Don Lee Network. He already runs the Yankee



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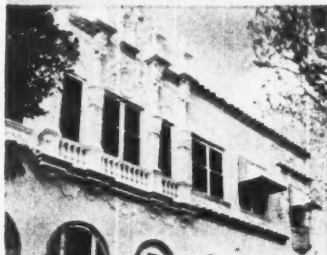
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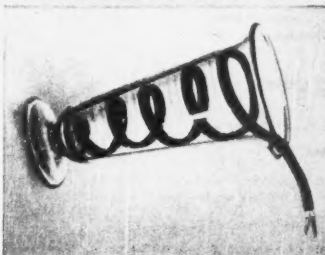
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Network. However, the younger O'Neil says he will keep the present Don Lee management. That means Willet H. Brown, who has also been president of Lee Enterprises, will continue to be in direct charge of Don Lee.

• **General's Diversification**—The radio operation is only part of the diversification that General Tire has been working out for nearly 20 years. In addition to its New England network and its tire plants, General also has a mechanical-goods plant in Wabash, Ind., and plastic products and athletic balls plants in Jeannette, Pa. It operates a government synthetic-rubber plant in Baytown, Tex., on a fee basis. It owns Aerojet Engineering Corp., near Los Angeles, which makes rockets and jet-assist take-off units. It has its own rayon and cotton tire fabric plant, plus affiliated rubber plants in nine foreign countries.

• **Year of Privation**—Diversification didn't keep the company from suffering severely last year, when tire price wars cut deep into profits. The company earned only about \$1-million during its fiscal year ending Nov. 30, 1949, on sales of about \$93-million. This year, the company expects to increase sales considerably. For the first six months of the fiscal year, it earned \$1.7-million—more than three times what it did in the same 1949 period.

## FINANCE BRIEFS

Chrysler spiked rumors that it would split up its shares. President K. T. Keller said there was no such plan.

• Another bank merger is being talked about in Wall Street. It would involve Corn Exchange Bank Trust Co., operator of one of New York's biggest branch-bank systems. National City and Guaranty Trust are supposed to have eyes on the property.

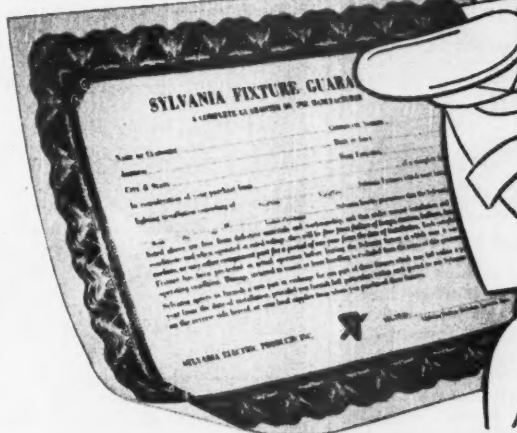
• The rail-car rental plan started by Equitable Life (BW-Apr. 8 '50, p. 92) was responsible for 10,500 of the 33,000 cars ordered in January-September, 1950, from Pullman Standard.

• New York Life will enter the personal-accident and health-insurance field. The company says it will be several months, though, before it is ready to issue policies.

• Kansas City, Mo., joined the growing number of large cities that now have five-day banking weeks. Kansas City, Kans., banks, however, will continue to be open Saturdays.

• Consumer Power sold \$14.3-million of new common—\$10,470 shares at \$28 each—to stockholders.

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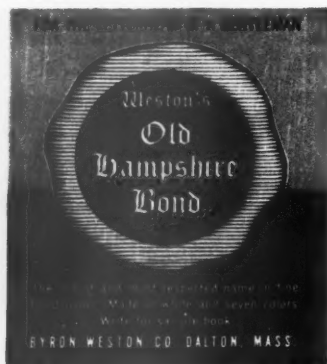


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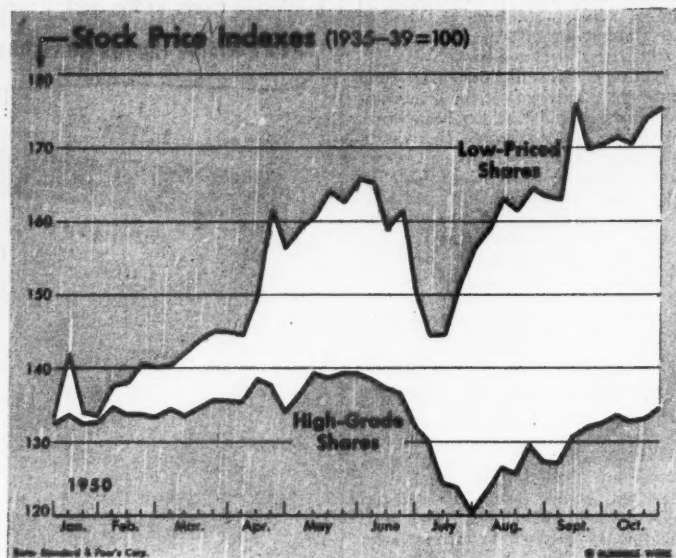


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## THE MARKETS



## Speculative Gap Widens

Low-priced stocks have risen much faster than high-grades since Korea. This has sometimes meant trouble for bull markets, but Wall Street doesn't think long-range trend is turning.

Wall Street analysts keep close tabs on the relationship between high-grade stocks and low-priced stocks. For a too rapid gain in the cheap shares is considered a sign that speculators are beginning to dominate the market. When low-priced shares start gaining a lot faster during bull markets than the high-grade, investment-type shares, it has usually been a signal that the bull market is heading into trouble.

That's why it is worth studying the way Standard & Poor's indexes of low-priced common stocks and high-grade common stocks have been acting so far this year (chart). The high-grades led the way when the bull market started in June, 1949, but by the start of this year, the penny stocks had caught up. Since then, they have steadily outpaced the more conservative shares. In the last few months, this gap has been widening.

• **Bear Signal?**—That is not necessarily a sign that the 1949-1950 bull market is reaching its top, although it could be a tipoff that the market is due for some short-term troubles. The gap between low-priced commons and high-grade commons is nowhere near as wide

now as it was just before the collapse of the 1946 bull market. Then S&P's low-priced stock index was more than twice the high-grade index. Before the 1929 crash, the low-priced index got up about three times as high as the high-grade.

However, the gap is now almost—but not quite—as wide as it was early in 1947 and again in mid-1948. On both these occasions, the stock market looked as if it might get somewhere, then petered out.

So the recent increase in speculative activity may be one of the things contributing to market weakness now. In the past few days the market has had some heavy last-hour sell-offs, when volume jumped suddenly and prices sagged. What particularly impresses brokers about these sell-offs is that they have occurred in spite of some very good dividend news. That makes a lot of people bearish on the near-term outlook.

• **New Factors**—However, you won't find many people in the Street who are worried about the long-range prospects of the bull market. Although the market's current pattern may have

some resemblance to what it was in the indecisive years of 1947 and 1948. Wall Streeters point out that there are some major new factors now at work. They are: a "limited" war, the prospect of a big arms program for a long time to come, and probably an excess-profits tax. These factors are helping to put the penny stocks up and the high-grades down.

The low-priced shares in S&P's index are mainly stocks of marginal companies. A big military program, on top of a boom civilian economy, makes it fairly certain that such companies can operate at full capacity. Before Korea, they were suffering from the competition of bigger, better-established companies.

That's why, as soon as they got over the first shock of Korea, the speculative shares gained fast. Right now the low-priced stock index is approximately

6% higher than its pre-Korea high. • **High-Grades Lag**—But the conservative, high-grade stock index hasn't got back yet to the high it established last May, a few weeks before Korea. It's still about 4% below that level.

One good reason for this is that an excess-profits tax would hit many of the high-grade stocks hard. Nearly all the stocks in this index fall into one or both of these categories: (1) consumer-goods stocks that hold up well in depressions, or (2) growth stocks that should rise in value in time.

Look what happened to S&P's high-grade stock index in mid-1940, when it began to be plain that an excess-profits tax would be enacted. The index dropped fast. It didn't get back to its early 1940 level until January, 1945, when the war was almost over. The low-priced index, on the other hand, had recovered by early 1943.

## Common Stocks Shower Dividends

The tidal wave of common-stock dividends (BW-Oct.28'50,p10) is beginning to flood the record books.

Cash dividends on common shares listed on the New York Stock Exchange hit a crest of \$3.4-billion for the first nine months of 1950, a new tabulation shows (below). That's \$588-million more than the 1949 figures, a jump of 21%. In the third quarter, payments were up \$400-million, a 44% boost.

• **Across the Board**—The showing was pretty much across the board. Dividends were paid by more than 86% of all Big Board commons, compared with 83% in 1949. Of all stocks, over

36% increased their dividends during the period; 39% kept them unchanged; around 11% reduced payments.

Automotive shares gave the most spectacular performance. Although the group accounted for only 14% of the total payments, they contributed nearly 34% of the over-all gain.

Among individual corporations, General Motors and du Pont made dazzling showings. GM's payments on common stock accounted for 9% of the grand total, and 23% of the gains. Du Pont—which holds 22.7% of GM's outstanding common stock—provided 4% of the grand total, over 9% of the increase.

|                                 | Number of Issues | Jan.-Sept. Dividend Payers |      |     | Dividend Results 1950 vs. 1949 |      |         | Approx. Amount of Dividends (000 omitted) |             | % Change 1950 vs. 1949 |
|---------------------------------|------------------|----------------------------|------|-----|--------------------------------|------|---------|---|-------------|------------------------|
|                                 |                  | 1949                       | 1950 |     | Higher                         | Same | Reduced | 1949                                      | 1950        |                        |
| Aircraft.....                   | 24               | 10                         | 12   | 4   | 6                              | 2    |         | \$22,030                                  | \$23,961    | + 8.8%                 |
| Amusement.....                  | 22               | 18                         | 17   | 10  | 6                              | 2    |         | 42,823                                    | 46,332      | + 8.2                  |
| Automotive.....                 | 73               | 56                         | 59   | 37  | 16                             | 7    |         | 274,985                                   | 472,941     | +72.0                  |
| Building trade.....             | 30               | 29                         | 29   | 15  | 9                              | 5    |         | 34,535                                    | 41,535      | +20.3                  |
| Chemical.....                   | 79               | 71                         | 75   | 38  | 33                             | 4    |         | 310,577                                   | 399,771     | +28.7                  |
| Electrical equipment.....       | 20               | 18                         | 17   | 9   | 7                              | 2    |         | 67,786                                    | 95,117      | +40.3                  |
| Farm machinery.....             | 7                | 7                          | 7    | 5   | 0                              | 2    |         | 31,601                                    | 37,076      | +17.3                  |
| Financial.....                  | 31               | 28                         | 29   | 17  | 11                             | 1    |         | 58,347                                    | 73,213      | +25.5                  |
| Food pdts., beverages.....      | 68               | 62                         | 61   | 21  | 36                             | 7    |         | 143,089                                   | 155,858     | + 8.9                  |
| Leather & leather products..... | 11               | 10                         | 9    | 3   | 4                              | 3    |         | 15,360                                    | 14,469      | - 5.8                  |
| Machinery & metals.....         | 103              | 95                         | 96   | 44  | 39                             | 15   |         | 104,587                                   | 119,955     | +14.7                  |
| Mining.....                     | 39               | 28                         | 31   | 9   | 9                              | 14   |         | 95,047                                    | 101,909     | + 7.2                  |
| Office equipment.....           | 10               | 9                          | 9    | 3   | 5                              | 1    |         | 22,176                                    | 23,116      | + 4.2                  |
| Paper & publishing.....         | 35               | 31                         | 30   | 15  | 10                             | 7    |         | 46,278                                    | 55,683      | +20.3                  |
| Petroleum & natural gas.....    | 45               | 42                         | 43   | 18  | 20                             | 6    |         | 346,246                                   | 430,476     | +24.3                  |
| Railroad & R.R. equip.....      | 81               | 57                         | 58   | 9   | 42                             | 8    |         | 168,258                                   | 150,297     | -10.7                  |
| Real estate.....                | 10               | 7                          | 9    | 5   | 4                              | 0    |         | 9,290                                     | 10,149      | + 9.2                  |
| Retail trade.....               | 70               | 63                         | 61   | 14  | 41                             | 8    |         | 179,028                                   | 185,817     | + 3.8                  |
| Rubber.....                     | 9                | 8                          | 8    | 1   | 5                              | 2    |         | 23,387                                    | 23,124      | - 1.1                  |
| Shipbuilding & operating.....   | 11               | 9                          | 9    | 1   | 8                              | 0    |         | 10,225                                    | 10,644      | + 4.1                  |
| Steel & iron.....               | 41               | 35                         | 34   | 21  | 7                              | 7    |         | 126,849                                   | 147,904     | +16.6                  |
| Textile.....                    | 43               | 42                         | 39   | 8   | 21                             | 13   |         | 59,228                                    | 54,861      | - 7.4                  |
| Tobacco.....                    | 16               | 15                         | 15   | 5   | 9                              | 1    |         | 54,813                                    | 58,351      | + 6.5                  |
| Utilities.....                  | 99               | 82                         | 88   | 45  | 42                             | 1    |         | 418,229                                   | 505,402     | +20.8                  |
| U. S. cos. oper. abroad.....    | 25               | 14                         | 17   | 8   | 7                              | 3    |         | 42,759                                    | 46,520      | + 8.8                  |
| Foreign companies.....          | 18               | 15                         | 16   | 6   | 7                              | 3    |         | 61,717                                    | 65,678      | + 6.4                  |
| Other companies.....            | 18               | 17                         | 17   | 10  | 7                              | 0    |         | 16,773                                    | 23,896      | +42.5                  |
| Total.....                      | 1,038            | 878                        | 895  | 381 | 411                            | 124  |         | \$2,786,023                               | \$3,374,055 | +21.1%                 |

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## LABOR

### Area Pension Plan Perks Up

UAW signs up score of small companies in Toledo for its fund pool. But 40 other firms balk at terms. Strikes are called against nine of them, others threatened.

The United Auto Workers (CIO) this week got a toe in the door in its drive for areawide pensions. "More than 20" companies, with a total of 1,000 employees, agreed to set up a Toledo Area UAW (CIO) Retirement Income Trust Fund. Then the union announced the plan is "now operative" in the area.

Operative or no, UAW promptly ran into some really tough resistance from other Toledo employers. About 40 small companies flatly rejected UAW's plan.

• **Strikes Called**—The union struck against nine of the 40, calling out 850 workers. It threatened walkouts against the others "in due time" unless they give in. But all stood firm.

The areawide pension plan is the brainchild of Richard T. Gosser, UAW's international vice-president in the Toledo area. It's tailored to the situation in the area, where UAW has many small shops under contract.

The union figures this way: An employer with, say, 50 men in his shop would have a hard time providing pension coverage by himself. But he could do it easily if he contributed to an areawide fund, along with other small employers. Pensions could then be paid from the joint fund on the same basis as in the big companies—with retirement pay of \$100 a month, including federal social security, at age 65, after 25 years in Toledo pension-fund shops.

• **May Be Spread**—The plan was originally proposed only for Toledo. Since then, UAW has become interested in similar programs for Chicago and Buffalo—if the Toledo experiment pans out.

The present proposals there differ somewhat from those made a year ago (BW—Feb. 4 '50, p. 88). UAW first asked for a flat 12¢-an-hour contribution for each employee; it now asks for only 7¢.

• **Credit Transfer**—The initial Gosser proposal was for an automatic transfer of credits whenever a worker shifted to another shop. The revised version provides for the same thing, but through reciprocal agreements by employers.

Changes in details haven't lessened management opposition to the plan. Employers on the whole still feel that:

• **Transferring credits** between plants would make UAW Local 12 "a virtual hiring hall." Management wouldn't be able to pick a man for

his ability; it would have to give preference to those with pension-fund status.

• **Companies with a stronger actuarial position** (those with more and younger employees) would have to pay more than their fair share.

• **Putting widely divergent firms in the same pension pool** just doesn't make sense. Gosser proposed lumping together all types of firms with UAW contracts, including, according to employers, pie-makers and die-makers. The different companies have different types of personnel, costs, and problems.

• **The lowered demand of 7¢ an hour** may be just bait to get employers to accept the pension-pool plan. Management can't forget the first 12¢ demand and a later Gosser demand for a lump-sum payment to put the plan in operation. And it recalls coal mine operators have had to pay higher tonnage royalties every time John L. Lewis got them to the bargaining table.

• **Big Ones First**—First Gosser ignored the smaller Toledo companies and tried to get big ones to sign up. They refused.

Business at the time was in a slump. Gosser was involved in an internal union squabble that took up a lot of his time. So he let the areawide pension drive rest a while and signed contracts with the larger companies for plant or company pensions.

• **Business Revival**—The war in Korea put Toledo tool and die shops back to work on hurry-up schedules. So Gosser got busy.

He "sold" the pension plan first to a number of small employers—including Formed Steel Products, Industrial Heat Treating, Toledo Steel Tube, Butcher & Hart, Colonial Hardware (in which Gosser has a financial interest), and three box-lunch catering services that have contracts at UAW plants.

Fortified with these arguments, Gosser chose a cross-section list of other small employers with expiring contracts—picking, particularly, those who apparently couldn't afford a long strike at this time. He told them that Local 12 would not sign a new contract, until management accepted areawide pensions.

• **No Sale**—All refused. Gosser called the strike against S. M. Jones Co., 125 employees; G. E. Conkey Co., a feed

and grain business, 10; Ayling & Richards, plumbing supplies, 70; Toledo Metal Furniture Co., 100; Lakeside Biscuit Co., 200; Toledo Porcelain Enamel Co., 60; Associated Products Co., Inc., electrical equipment, 40; Swartzbaugh Mfg. Co., electrical appliances, 200; and Acme Specialty Mfg. Co., 51.



Robert G. Goodwin tells . . .

## How To Get More New Manpower in '51

Where will industry find the manpower it needs if worker shortages develop during 1951?

Robert G. Goodwin, named recently to head the new Office of Defense Manpower, tried to answer that question in New York this week. Speaking before the Society for the Advancement of Management, Goodwin said the present labor force of about 65-million persons can be increased by some 5-million:

- We can draw some 1.5-million workers from among the unemployed.
- We can bring more women into the labor force—but Goodwin warned that “recent high birth rates will limit the number of women to be recruited.”
- We can use more handicapped workers.
- We can look to younger workers, not normally in the work force.
- We can expect some retired, older workers to reenter the labor market.
- We can boost factory hours. They now average about 41 per week; during World War II the average was around 46.
- We can expect “some release of labor . . . from the less essential civilian production.”

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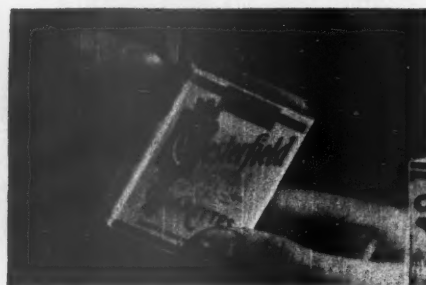
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## A Trump for USW

**Overwhelming closed-shop victory at Wheeling Steel strengthens union's hand as wage talks with industry resume.**

When the United States Steel Corp. and CIO's United Steelworkers of America resumed wage talks this week, USW was holding a brand-new trump card: a top-heavy USW victory in the first union-shop election held in the basic steel industry.

The National Labor Relations Board polled 12,000 workers in 10 Wheeling Steel Corp. mills in West Virginia and Ohio a week ago. It marked the opening of USW's campaign for union-shop contracts throughout its industry. And the opening was auspicious.

• **Convincing**—Of the 12,000 employees eligible to vote, 10,533 said they wanted a union-shop contract; only 831 said no. That's a 93% vote of approval—convincing by any standards.

The election was held under the Taft-Hartley act, which says a majority of employees must approve negotiations for a union-shop contract—one requiring all workers to join the union.

The vote of approval doesn't mean that management must give in on the union shop. But refusing one after an overwhelming vote of approval creates a strike hazard few employers will face.

• **Free to Strike**—USW wants union-shop clauses throughout the basic steel industry by Dec. 31, when the union will be free to strike on wages. Technically, the union-shop issue isn't scheduled to come up at all in 1950 bargaining, which is supposedly limited to wage talks. But undoubtedly, it will come up. USW knows from experience that it can toss in a nonwage demand or two during table-thumping talk about compromising pay issues—and get away with it.

So USW attached a lot more importance to the Wheeling Steel election than it ordinarily would. It plugged for a big "yes" vote energetically. It had to. The more important union-shop polls, scheduled by NLRB during the next two months, may come too late to affect 1950 bargaining much.

• **Warning**—Now USW can say: Wheeling Steel's 93% endorsement of the union shop shows how all steelworkers feel. It is a mandate to union officers to bargain for one and a warning for steel employers to write the union shop into present contracts.

Meanwhile, Big Steel and USW met again this week to talk wages without announcing any progress or difficulties. In line with past policy, both parties withheld comments.

The union continued presenting its

*Spaulding*



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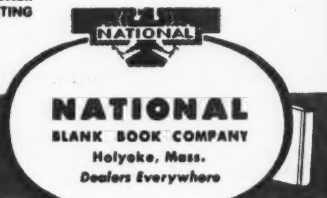
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"1950 wage policy" in detail—backing up its arguments for a general wage boost by calling attention to U. S. Steel's third-quarter profits report.

USW hasn't announced yet just what it wants from Big Steel, but Pittsburgh reports place the figure at 25¢ an hour more—with the union willing to come down to around 15¢ in return for concessions on noneconomic issues.

• **Industry Stand**—The steel industry argues, for the record, that a wage increase isn't justified at this time. But the attitude generally is: How soon, and how much, will we give?

In dollars-and-cents bargaining, steel negotiators probably will start at about 8¢ to 10¢ an hour. That's about what employers in automobile, electrical manufacturing, rubber, and other industries have given. USW isn't likely to take that without a fight, and a tussle with the union is about the last thing the steel industry wants right now.



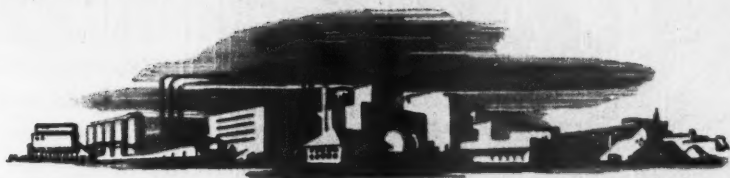
WINNER, Charles Weinstein

## Union Head Honored By Employers' Group

An employers' group, the Philadelphia Men's Apparel Assn., has picked one of the most powerful union leaders in the city for its fifth annual man-of-the-year award.

Charles Weinstein, the unanimous choice, is manager of the Amalgamated Clothing Workers Joint Board (CIO).

• **Citation**—The association named him man-of-the-year, it said, for (1) stabilizing the once-chaotic men's clothing industry in Philadelphia—ending a "rate race" between competitors for low-cost business; and (2) minimizing labor-management troubles in the industry in recent years by insisting that the union adhere to negotiated contracts.



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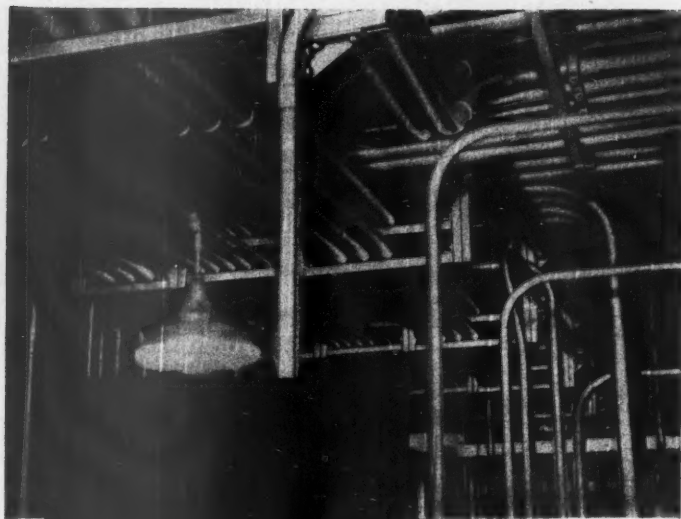
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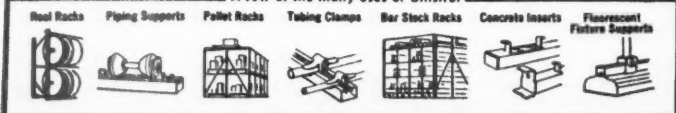
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## Weirton Holds Out

CIO steelworkers lose 2-to-1 to independent union. ISU, winner, will try to beat Big Steel to new contract terms.

Weirton Steel Co. once again last week proved too tough a stronghold for CIO's United Steelworkers of America to crack. The CIO union has been after Weirton plants for 13 years of hard campaigning and court maneuvers. All it had to show from last week's National Labor Relations Board election was a 2-to-1 defeat by an independent rival.

The poll, the first NLRB has held for Weirton workers, broke down like this: Independent Steelworkers Union, 7,291 votes; USW, 3,454 votes; no union, 87 votes. Another 421 votes were challenged or voided. About 95% of the eligible 11,800 employees in Weirton's Weirton (W. Va.) and Steubenville (Ohio) mills voted.

• **Holdout**—Weirton is one of the last big holdouts against national unionism in the steel industry. Plants employing more than 1-million workers in basic-steel and fabricating mills are under CIO contracts. Weirton and the Armco Steel Co.'s mills in Middletown, Ohio, and Butler, Pa., are about the only big basic-steel spots CIO has missed. Together, they employ about 25,000 persons.

Weirton has been one of the top names on USW's organizing list since July, 1937—when Philip Murray's young and vigorous steel union first petitioned for an NLRB vote at the Weirton mills. The company wouldn't go along. It pointed out that employees were represented by their own independent union, formed in 1936. That set off a 13-year squabble in NLRB and the courts. During it, to date, two independent unions have been dissolved by court orders; a new independent sprang up each time.

• **Quick Recovery**—It took only a few hours, for instance, for ISU to organize after the U. S. Court of Appeals ordered the Weirton Independent Union to dissolve last July. The court had upheld charges that WIU was company-dominated and organized to keep CIO out of Weirton plants.

ISU has a brand-new set of officers, but its general philosophy was the same as the old WIU's (BW—Aug. 12 '50, p92).

CIO's steel union pointed this out; it labeled ISU as "the old WIU with a new look." ISU, it said, is "company-controlled, and organized to fight off CIO," just as WIU was. It appealed to Weirton employees to "get smart—

(Advertisement)

# WHAT'S DOING IN DALLAS

## Dallas Is Banker to the Southwest

Financial capital of region has leading banks, insurance companies, investment firms; big money reservoir available to local industry. Federal Reserve Bank of Dallas has member deposits totaling \$785,000,000.

*World War II gave a tremendous boost to the developing Southwest economy. During the postwar years economic growth in this part of the country as measured by most major indexes out-paced that of the nation; now the defense program, reacting upon a strong, vigorous and growing economy, should stimulate additional expansion.* — "The Defense Program: A Stimulus to Expansion in the Southwest," from MONTHLY BUSINESS REVIEW, Federal Reserve Bank of Dallas, Oct. 1, 1950\*.

■ Dallas is a city of dollars; it's the financial capital of the Southwest.

It has the richest banks and largest banking resources in Texas; it is the insurance center of the Southwest, and among the top three or four in the nation; it is the region's leading investment banking center and securities market; the Federal Reserve Bank of Dallas is banking nerve center for all Texas and parts of Louisiana, New Mexico, Oklahoma, and Arizona.

The Wall Street Journal publishes its new Southwest edition at Dallas, making Dallas also the financial news focus for the region.

■ This summer, the Lone Star Gas Co., which operates throughout Texas and part of Oklahoma, borrowed \$85,000,000; this loan was handled through a Dallas bank (Republic National).

Last spring, a \$7,500,000 financing (first mortgage bonds, new common stock) was projected by Lone Star Steel of Texas to meet its forward-looking expansion program; this financing was swiftly accomplished by a Dallas investment banking firm (Dallas Rupe & Son).

\*Copies available on request.

### TEMCO (Thumbnail sketch of a Dallas industry)

By Julian Stag

When Robert McCulloch and H. L. Howard announced in 1945 they would take over the huge Plant A of North American Aviation's Dallas plant, everyone told them it could not be run in peacetime.

But they did it. And Texas Engineering & Manufacturing Co. (TEMCO) is the result.

Since Korea, TEMCO's stepped-up operations have become, of course, more military in appearance.

Using all of Plant A's 1,200,000 sq. ft., TEMCO's diversified program includes:

Production of rear fuselage assemblies for the B-47; conversion of C-54s into flying hospitals; manufacture of outer wing assemblies for Lockheed P2V patrol

Last month, a Philadelphia insurance company (Girard Life) with \$14,000,000 assets and a Washington, D. C., company (Continental Life) with more than \$39,000,000 assets were in a new setting; both had been moved to Dallas, the latter being merged with Southland Life of Dallas.

■ These items, picked from the flow of Dallas financial news, are indicative of the scope and trend of activity.

Time was when Texas industry had to go elsewhere — East or North — to get the money it needed; now big-time financing is a familiar operation in Dallas. And Dallas bankers today have the ready attention of the large holders of capital funds for investment, whether in New York, or Boston, or Newark.

To industries based in Dallas, this situation means assurance that if opportunity requires capital, the capital can be had.

As of Oct. 4, deposits in Dallas' 22 banks totaled \$1,142,708,246; this represents better than a triple growth in 10 years (Dec. 31, 1940, \$329,702,000).

With combined capital and surplus of \$77,042,500, Dallas banks are far out front in this respect among Texas cities (Houston second, with \$55,370,000); figures are for June 30.

■ Insurance companies in Dallas represent an estimated half-billion dollars in assets, and annual premium income of approximately \$150,000,000.

Dallas' aggressive building and loan associations add another financial filip to the situation. This group has combined assets of \$60,640,397, most of it kept at work on loan.

Biggest single chunk of cash is to be found in the Federal Reserve Bank of Dallas, serving the Eleventh Reserve District.

bomber; reconditioning Air Force F-51s.

TEMCO handled the major portion of C-54 overhaul for the Berlin airlift, and is continuing overhaul work. It is also completing a combination overhaul and conversion job on a fleet of DC-4s for Eastern Air Lines.

It has produced a military training plane, the TEMCO T-35 "Buckaroo."

Additionally, TEMCO has taken over the Luscombe Airplane Corp. at Garland, Texas, near Dallas. Here, manufacture of the Silvaire light plane has been resumed, and subcontract work on military projects is under way.

At TEMCO, some 3,500 people are working; about 150 are employed at Luscombe.



### THINK OF DALLAS

... and you think of beautiful girls. Lovely Marika Hyer went from modeling clothes in Dallas to acting at the Pasadena Playhouse, California. An RKO scout discovered her, and she's been in the movies (her latest, "The Kangaroo Kid"). She's 23; 5 ft. 6; 115 lbs.; hair, red-brown; eyes, green.

Here its member banks had on deposit, as of Oct. 4, a total of \$785,729,795. This exceeded similar totals for Reserve Banks at Boston, Richmond, Atlanta, St. Louis, and Minneapolis.

Compare Dallas District member deposits today with \$236,000,000 ten years ago, and the growth is astonishing (over 200 per cent).

■ Within a couple of decades, Dallas has emerged as the investment banking center of the Southwest, and the region's largest corporate securities market.

Names like Rauscher Pierce & Co., Dallas Union Trust Co., First Southwest Co., and Dallas Rupe are giving Dallas leadership in the investment field regionally.

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The First National Bank in Dallas is 75 years old this year.

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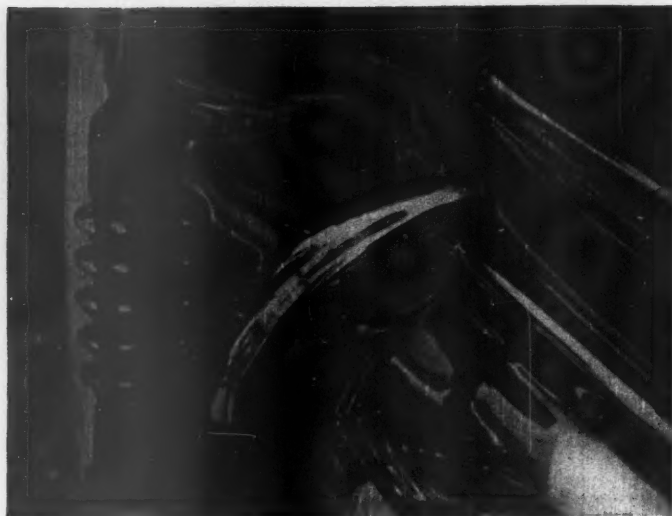
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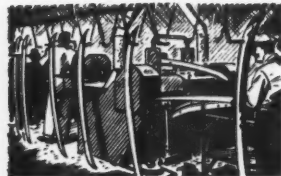
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join a militant, aggressive union, able and willing to look out for your interests."

• **Not Enough**—USW couldn't top two big ISU assets:

(1) Over the years, Weirton's independent unions have produced contracts at least as favorable as those signed by CIO elsewhere; they've got high wages, pensions, and other benefits. And they have never had to call Weirton workers out on strike to do it. So ISU could argue: "What's to be gained by joining USW? Nothing. And what can you lose? Among other things, you'll have to quit work whenever the USW calls a national strike." The only answer CIO could give was that the pressure by USW on the rest of the steel industry accounted for many of the contract gains made by Weirton workers in recent years.

(2) Public sentiment in Weirton plant communities favors independent unionism in the main. When the old WIU was dissolved last July, merchants and businessmen paid money into a fund to help a new union get started. The merchants, in particular, claim it's good for business to have a "locally controlled, reliable" plant union; they oppose the "outside control" of CIO.

• **Bargaining Ahead**—As soon as ISU is formally certified by NLRB, it plans to begin bargaining on new contract terms. These will include an across-the-board pay boost.

Weirton and ISU may try to anticipate Big Steel settlement terms—and to sign for a similar "package," well in advance of CIO settlements. The company and its independent unions have done this before, notably last year, when Weirton and WIU signed a pension contract (BW—Feb. 5 '49, p. 89).

If Weirton and ISU do come to terms in quick bargaining, they'll set a pattern—or at least a floor—for 1950 settlements by CIO's steel union.

## Hawaiian Pattern Cracks

Back in 1946, Hawaiian industry and the International Longshoremen's & Warehousemen's Union set up an industrywide bargaining pattern. Now that pattern has broken up—on industry's initiative.

The crack came when two pineapple companies offered an 8¢ pay boost to ILWU four months before the termination date of the industrywide contract covering them. ILWU then called on other companies under the pact to agree to the pay hike. But they declined to do so "at this time."

That settled the hash for industrywide contracts. The two companies agreed to sign separate contracts with ILWU—Maui Pineapple Co., for 15 and a half months; Hawaiian Pineapple Co., for 27 months.



MEDICAL CHECKUP for New York hotel worker launches new health center.

## Health Care Grows

Medical protection is now given 5-million workers under labor-management agreements. A new hotel clinic adds 38,000.

With the opening of a new \$750,000 health center in New York City last week, there was fresh evidence that medical-care plans have now become a permanent fixture in labor-management relations.

• **Employer-Paid**—The new center will care for 38,000 hotel employees. Their unions, represented by the New York Hotel Trades Council (AFL), will have a big voice in running the center—but it will be paid for entirely by employers. Since 1945, some 208 members of the New York Hotel Assn. have been putting 3% of their annual payroll into an insurance and medical-care fund that will foot the bills for the new center.

The fund (which grew to \$8-million in five years) also pays for \$1,000 life insurance, Blue Cross membership, and weekly sickness and accident payments for employees.

• **War-Born**—A few employers have been bargaining with their unions on medical-care programs for as long as two decades—but they are exceptions. For most of management, collective bargaining on health programs began during World War II, when the wage freeze shifted contract talks to "fringe" issues.

Today, according to the Bureau of Labor Statistics, more than 5-million

union workers are covered by some form of joint labor-management health-benefit plan—10 times the number covered in early 1943. Another 2-million are covered by plans established by employers alone. And 17-million others get routine medical care directly connected with their jobs, usually through plant dispensaries.

• **Pioneer**—Records of the International Ladies Garment Workers Union (AFL) show how fast coverage grew during and after the war. ILGWU pioneered in medical-care work by establishing the first large union health center in this country, back in 1913. Yet, in 1944 only 100,000 of its 379,000 members were under any kind of medical or social-welfare program.

Just two years later, in 1946, the number covered had grown to 325,000; ILGWU is now out to get 100% coverage.

ILGWU's first health center was set up in New York City. For years, it was the only one. Now, ILGWU also operates centers (financed largely by employers) or union medical clinics in Boston, Philadelphia, Newark, St. Louis, Los Angeles, Fall River, Mass., Wilkes Barre and Allentown, Pa., and Kansas City.

• **Diversified Coverage**—Also in the needle trades, CIO's Amalgamated Clothing Workers of America is an important advocate of health centers. ACWA has \$1-million centers under construction in New York and Philadelphia and has several clinics providing more limited coverage.

In all, 20 union health centers are now in operation or at least under construction.

Coverage is most extensive in the clothing and textiles industries (875,000 together), with coal mining in second place (450,000). In addition, 150,000 bus, street, and electric-railway workers are covered by medical-care plans nationally; 138,000 steelworkers get health coverage in 300 steel contracts; and 150,000 electrical workers get medical care through contract clauses.

## Wage Boosts Show Fast Upward Pace

It cost employers more to sign union wage contracts after the start of the war in Korea than it did before.

You can see that trend in third-quarter building-trades wage figures that were just released by the Bureau of Labor Statistics. These figures are typical of what has happened throughout industry as a whole.

Fewer construction contracts reopened on wages in the third quarter, but settlements were a good bit higher



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than before the impact of war and higher prices.

• **Big Jump**—During the second quarter, for instance, 210,000 construction workers in 85 cities surveyed by BLS got raises—most of them between 10¢ and 12¢ an hour. In the third quarter, 163,000 workers in the 85 cities got pay boosts—but the amounts ranged upward from 12¢ an hour; 10% of them got 25¢-an-hour increases.

BLS says the third-quarter raises sent its all-construction average hourly rate to \$2.32—up 81% from the June, 1939, rate.

## Left Turn at Ford

**UAW polls indicate leftist gains. That means trouble for union chief Carl Stellato and his anti-Communist drive.**

Carl Stellato is finding his promises to drive leftists out of his union hard to keep. For Ford Local 600 of the United Auto Workers (CIO) is veering to the left again.

When Stellato was elected to the local's presidency last spring, he promised he would clean house. Now five minor anti-Stellato officials of the local are on trial on Communist charges. But it looks as though, whether they win or lose before the union's 11-man trial board, they'll be able to keep their union jobs.

• **Deciding Voice**—According to UAW rules, members of a Communist or fascist organization may not be elected to office. But also, under UAW rules, a trial board does not have the last word. Its verdict must be approved by two-thirds of the local's general council, or governing body. If it isn't, the case is dismissed.

When Stellato launched his charges against the five, he had only a thin majority in the general council. But he had high hopes that elections would eventually give him the necessary two-thirds majority.

• **Trial Trials**—He has had a rude jolt since then, and the Communist trials are in part responsible.

They started several weeks ago. They were rough-and-tumble, disorderly, frequently interrupted by heckling and sporadic fist fights. The administration closed the trials first to the press, then to everyone not summoned to appear before the board. Criticism mounted.

• **Voters Speak**—About the time the hearings started, Local 600's annual building-unit elections got under way. These are important because the voting decides who shall sit in many general council seats. Campaigning was hotter than ever this year. Both Stellato and



Allison "501" Turbo-Prop engines fit in nacelles of present commercial transports.

## *A new kind of Air Travel is in the making*

**New military engine—  
soon to undergo first tests  
in civilian transport—promises  
smoother, faster, quieter,  
more pleasant air travel**

WITHIN a short time the first American commercial airliner powered by turbine engines will be delivered to the Allison Division of General Motors.

The power plants in this Convair are the new Allison Model "501" Turbo-Props—commercial version of the Navy T38 engine. They are geared to new-type propellers especially designed and built for high-engine-power characteristics by the Aeroproducts Division of General Motors.

The "501" is lighter, smaller, smoother and quieter than any other propeller-type engine of equal horsepower. It develops 2,750 horsepower and weighs only 1,250 pounds!

As soon as this experimental Turbo-

Prop transport is received, General Motors-Allison engineers will start putting it through a comprehensive series of flight tests.

In cooperation with the airlines it will be flown under all types of operating conditions—in all kinds of weather. It will be given the works, checked and rechecked many times over, until all its performance characteristics are definitely evaluated.

Such an all-out test program may take a year or more. But it will be well worth it, in view of the fact that present military experience indicates that Turbo-Prop power should bring the following benefits to commercial aviation:

*Ability to use low-cost, low-octane fuels, without increased consumption.*

*Faster speed—up to maximum limit permitted by airframe design.*

*Very low engine weight—less than half—increasing range or pay load.*

*Much improved take-off and climb—*

*permitting use of shorter runways, with greater safety and better schedules.*

*Smoother, quieter operation—for more comfortable travel; also lower maintenance and overhaul costs.*

*Usable in present aircraft—no costly modifications in changing over to turbine power.*

The development of the Allison Turbo-Prop engine, America's first axial flow propeller-type turbine engine, together with Aeroproducts Propellers, is another example of General Motors progress.



### **How the Turbo-Prop Engine Operates**

Compressor feeds air under pressure into combustion chamber, where it is mixed with fuel and ignited. Thrust of this hot gas drives turbine which is geared to a drive shaft that operates both compressor and special type Aeroprop Propeller.

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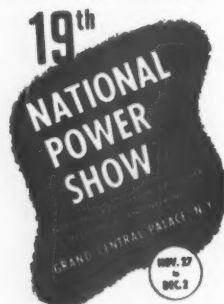
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INTERNATIONAL EXPOSITION CO.

anti-Stellato partisans seized on the hearings as campaign material.

Stellato's group called on rank-and-filers to repudiate "those who put foreign interests ahead of true trade-union goals." Foes labeled the hearings a "red-herring purge" of critics of "the inept Stellato administration."

• **Reversal**—The elections were almost over this week. Both sides had tallied unofficial results. A swing to the left—reversing the earlier trend—was clearly indicated.

The anti-Stellato bloc claimed 111 seats on the 217-member board. The administration bloc apparently had dwindled to a sure 96—with a possible eight more to be picked up in two right-wing building units that haven't voted yet. Two "middle-of-the-road" candidates have also been named. If they vote with the Stellato bloc, the leftists still will hold an edge in the council: 111 to 106.

Obviously, this means that Stellato hasn't much chance to muster the two-thirds vote to affirm Communist convictions—if the trial board rules that way.

Meanwhile, building-unit voters have reelected four of the five defendants in the trial. The fifth wasn't running. But his slate was chosen—and he holds on to his council seat because he's chairman of a building unit and has an ex-officio right to council membership.

• **Counterattack**—Left-wingers at Ford are confident they can beat the Communist charges—so confident that they're threatening to bring counter charges of "false" accusation against Stellato. The union rules provide that cleared unionists may so move against their accusers. And Stellato has been personally pushing the cases against the five alleged Communists.

The monster Ford local has always been a hotbed of leftist strength, but right-wing power has been growing in recent years. The right claimed control of the general council last spring. An important shop vote in August indicated that the drift was still to the right. Now the trend appears reversed.

## Puerto Rico to Train Workers for U.S. Jobs

The continental U.S. is running low on industrial manpower; insular Puerto Rico has a big surplus of labor—untrained.

Last week, Puerto Rico's Gov. Luis Munoz Marin moved to even off this feast-and-famine situation. He named a special committee to set up a new vocational-education program. Its goal is to train and furnish at least 15,000 "emergency" workers for U.S. industrial plants.

Here's what the program is supposed to do:

(1) Teach English to workers willing to migrate to the U.S. mainland.

(2) Give them vocational training for factory jobs; where possible, for specific types of jobs.

(3) Then place the workers in mainland industrial plants—probably with the help of the U.S. Employment Service.

The island government's idea isn't just to reduce the list of its unemployed; it hopes that vocational training, and the plant experience of those who return to the island, will help in the long-range plan to industrialize Puerto Rico (page 142). Factories sometimes hesitate to move in because of the shortage of trained workers (BW—May 13 '50, p110).

## LABOR BRIEFS

**Severance-pay demands** outlined by the International Ladies Garment Workers Union (AFL) last spring (BW—Jun. 10 '50, p111) didn't show up in ILGWU's 1951 bargaining proposals.

• **A matador strike** in Mexico City for more pay and a longer fight season didn't close the world's largest bull ring last week. A card of "independent" bullfighters kept the Plaza de Mexico open.

• **The 45-hour work week** plea by GM's, C. E. Wilson—to boost output without cutting consumer goods—got a quick brushoff from unions. They said GM, or anyone else, could operate 45 hours a week, but overtime must be paid after 40 hours. Wilson urged starting overtime at 45 hours for the duration.

• **Independent unions** representing 200,000 New Jersey workers held their annual convention in Atlantic City last weekend. They joined the fight for T-H repeal—denying a claim by T-H advocates that the law helps independents against AFL and CIO.

• **CIO convention** will open in Chicago's Palmer House on Nov. 20, run through Nov. 24.

**The Pictures**—Cover by Dick Wolters—Acme—21, 24, 26 (rt.), 140; James Connolly—96, 97, 98; Int. News—20, 121; Robert Isar—22, 23, 50; Dan Weiner—46, 47; Wide World—25, 26 (lt.), 112; Dick Wolters—52, 54, 55, 58.

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We'll be glad to send you more information on "E" steel describing the unusual results that machine shops all over the country are getting with this new free-machining steel. Charts and tables will give you plenty of technical information, too.

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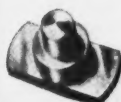
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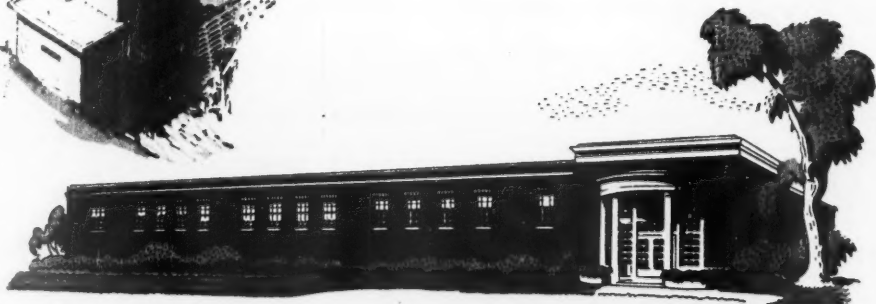
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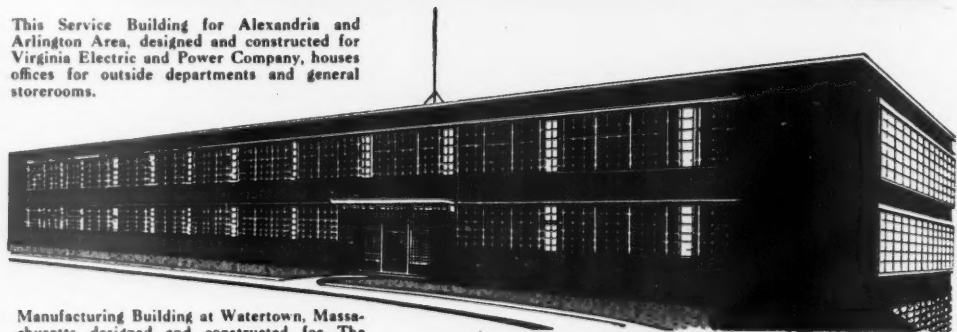


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## STONE & WEBSTER ENGINEERING CORPORATION

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# INTERNATIONAL OUTLOOK

BUSINESS WEEK

NOVEMBER 4, 1950



## Washington is in a jam over the arming of West Germany.

It's not just that the French oppose the U. S. plan for 10 German divisions by 1952 (page 137). The West Germans are in the act, too—they're playing politics with the rearmament problem.

Until this German matter is settled, over-all plans for the defense of Western Europe won't mean much.

You could tell from the start that rearming Bonn would be a ticklish job at best.

Some Germans have been complaining that it would provoke a Russian attack. Others want to put everything into industrial recovery, or make a deal for ending all Allied controls.

Now Paris has the Germans really upset. The French would put Bonn's forces in a special category, keep both German industry and manpower under the tightest controls.

That gives Kurt Schumacher, leader of the Social Democratic opposition, a chance to make political hay. Schumacher aims to upset the Adenauer government by talking up equal rights for Bonn.

If the U. S. is firm, the French finally will have to give in. France is playing a losing game trying to keep Germany down.

For France is leading from weakness, rather than strength.

This weakness has come about largely because first things haven't been first in France since World War II. Instead of meeting their own problems head on, the French have concocted grandiose schemes for European unity—hoping they could merge their own weakness with the strength of others.

Meanwhile, the French have accused the British of going isolationist, turning their backs on European unity. But despite its adventures in socialism, Britain has managed to rebuild some of its old strength.

How do you add up Communist China's latest moves—sending troops into North Korea, invading Tibet? Washington still has no real clues.

But it's a safe bet that Peiping is interested in the big Korean powerplants near the Manchurian border. These supply a lot of Manchuria's electricity.

As for Tibet, one theory is that Mao Tse-tung launched his invasion to get in ahead of a Russian attack on Tibet via Sinkiang. (Sinkiang is a Russian-dominated Chinese province far in the interior.)

Some Washington officials think the Chinese invasion is a blessing in disguise—despite the threat to India from a Communist Tibet.

These officials say the Reds are scaring Nehru's India off the fence of neutrality.

There's some evidence of this already. Nehru has told his delegation at Lake Success not to launch any more moves to get Communist China into the U. N.

Nor has Britain any interest left in Chinese representation. So that should settle the matter for a while.

Korea has given a lift to U. S. plans for rebuilding Japan's economic and military power.

U. S. proposals for a Japanese peace treaty have gone to all members of the international Far Eastern Commission. The State Dept.'s John Foster

# INTERNATIONAL OUTLOOK (Continued)

**BUSINESS WEEK**  
**NOVEMBER 4, 1950**

Dulles has even sounded out Russia on the question (BW-Oct.28'50,p115).

U. S. treaty proposals boil down to:

- (1) No limits on Japanese trade, shipbuilding, or defense forces.
- (2) A U. N. trusteeship over the Bonin and Ryukyu (Okinawa) islands, with the U. S. acting as trustee.

•  
Washington planners expect Japanese industry to be the big supplier for any U. S. aid programs in the Far East.

Says one official, "Japan will become the Britain of Asia"—banker and processor of raw materials for the non-Communist Asian states.

The Japanese already have picked up their cue. A government committee is studying how to boost exports of machinery and metal goods "in connection with the U. S. program for developing Southeast Asia."

•  
This week the Torquay tariff conference got around to the problem of worldwide trade and currency restrictions.

The U. S. is using the opportunity to blast Britain and the sterling area for discriminating against dollar goods. Washington thinks London's gold reserves now are big enough to allow some letup in the Commonwealth's severe "dollar-saving" policy.

Britain will resist U. S. pressure, of course. The British claim that 90% of the gain in their reserves has come from cuts in sterling-area buying of dollar goods, only 10% because of bigger exports to the U. S. and Canada.

•  
New elections seem certain in Britain by spring. Here's why:

(1) Prime Minister Attlee is asking Parliament to give the government permanent economic controls. (Up to now Labor has relied on wartime emergency powers, renewed for limited periods.) This is an open challenge to the Conservative-Liberal opposition.

(2) Wholesale prices in Britain have gone up 25% since devaluation, retail prices only 2%. But when living costs really start up, Labor's popularity will drop. So it's likely that Attlee will want an election before this happens.

•  
Secretary of Commerce Sawyer is trying to hammer out a realistic policy for U. S. exports—without resorting to more controls (page 21).

Sawyer's first job is to keep domestic industry supplied with essential goods. That's why there are limits now on exports of cotton, iron and steel, nonferrous metals.

But Sawyer also wants to keep exports of these items flowing to the countries that need them most. So he's using a country-by-country allocation scheme for the items now under control.

No further controls are planned for now. If stricter measures become necessary, Washington promises to talk them over with business and trade organizations before clamping down.

•  
Export priorities are an eventual possibility—if foreign countries can't get what they need from the U. S.

Sawyer has authority to issue priorities to help firms manufacturing for export. That way, these firms could pry raw materials from producers.

As a last resort, the government can step in and buy exports itself. But that isn't likely, save in the case of materials needed under military aid.

# BUSINESS ABROAD

## Two Ways to Fit West Germany into Atlantic Defense

|                        | How many German troops?  | Who will run the German forces?   | Where will the Germans get arms?   | How does the Schuman plan fit in?   |
|------------------------|--|---|--|---|
| <b>The U. S. Plan.</b> | Washington wants 10 West German divisions — two by mid-1951, the rest by the end of 1952. Division command would be German.                  | German divisions would be under supreme Atlantic commander, who would have German officers on his staff.                                | German forces would get arms from U. S., Britain, France. West Germany would produce auxiliary equipment only.                               | Washington favors Schuman coal-steel pool as means to integrate West Europe economically, but wouldn't force Bonn to join.                        |
| <b>The French Plan</b> | Paris would mobilize German manpower more slowly. German forces would be organized in units no larger than battalions, or at most regiments. | German battalions would be integrated in a joint West European army. This army would be controlled by a West European defense ministry. | Arms would be doled out to Germans by West European defense ministry. This ministry would supervise a joint European war-production program. | Paris says no German troops until Bonn agrees to coal-steel pool. Schuman plan would then be extended to cover Europe's metal-working industries. |

## France Says Schuman Plan Is a Must

**A united Europe should come before German rearmament, French insist. U.S. fears this would postpone strong Atlantic defenses.**

The split between the U.S. and France over how and when to rearm West Germany is clear and clean—so clean you can chart it patly (above). And so clean that this week the North Atlantic Treaty Organization had to put German rearmament on ice.

What the U.S. wants is to use German manpower and industry immediately to beef up Western Europe's strength—but without giving Bonn a national army that it could use for its own purposes. Even this limited rearmament scares France; it wants to incorporate West Germany in a European political-economic union first, then rearm it under heavy wraps.

France stands pretty much alone among the 12 NATO nations on this question. Britain backs the U.S. position with very few reservations. But the French feel so strongly about rearming the Germans that many of their political leaders would rather walk out of the Atlantic alliance than back down.

• **The U. S. Plan**—Exactly how the U. S. would rearm West Germany has never been spelled out publicly. But the plan boils down to this: Bonn would raise 10 divisions by the end of 1952.

These forces would be integrated as divisions into the Atlantic Defense Force and would get arms from the U. S., Britain, and France. Except that the Germans would not be able to build a general staff of their own or produce weapons, Bonn's role in Atlantic defense wouldn't be very different from France's or Belgium's.

• **The French Plan**—The French plan, which Prime Minister Plevin outlined last week, goes this way: Bonn would have to join the Schuman coal-steel pool before it could raise any forces at all. Then an integrated Western European army (excluding Britain) would be formed, with Germany contributing units at the battalion—or possibly regimental—level. This joint army, plus a joint military production program, would be controlled by a Western European defense ministry. The defense ministry would be linked with the high authority that's to be set up for the Schuman Plan. Both would be responsible to a West European assembly.

• **Pros, Cons**—If the Schuman Plan had got under way a year ago, the U. S. might be more ready to buy France's

plan. But the first reaction of U.S. officials in Paris was that it would take 100 years to raise an integrated European army if economic integration had to come first.

The French answer that if the U.S. would back them fully they could get the Schuman Plan signed within a month. They claim that U.S. talk of rearming West Germany is the only thing that has soured the West Germans on the coal-steel pool. This talk convinced the Germans that they could get more concessions from the U.S. via the Atlantic Defense Organization than through the Schuman Plan.

Once the Schuman Plan treaty is signed, the French argue, it will take only four or five months to set up a European defense ministry, plus the machinery to forge a joint army and a joint military production program.

On the basis of past French performance in getting joint European projects off paper, the timetable looks far too optimistic. Even if it weren't, it's a real question whether the West can afford to wait six months to get German rearmament started. Moreover, the odds are that a joint army wouldn't pack the wallop that conventional national forces would. Then there's the problem of linking the joint Continental army with separate British



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and American forces. This makes the French proposal a lot more complicated than the U.S. plan.

• **German View**—Meanwhile, Pleven's idea has gone down badly in West Germany, where there's strong opposition anyway to the whole idea of rearming (BW-Oct. 21 '50, p. 125). Chancellor Adenauer, who has favored both rearmament and a Franco-German rapprochement, says he won't swallow the French plan. And Kurt Schumacher, head of the Social Democratic opposition in Bonn, demands equality for Germans in any Atlantic defense setup.

• **If U.S. Insists**—It may be impossible now to reconcile U.S. and French thinking. Pleven has burned his bridges behind him. He can't accept any face-saving compromise. So it's almost certain that a U.S. decision to go ahead with German rearmament would have these results:

(1) The Pleven regime would fall.  
(2) Any new French government would refuse to O.K. the present U.S. plan for rearming Germany.

(3) If finally a French government were browbeaten into accepting, France would have little enthusiasm for the Atlantic alliance.

• **Plan Within Plan**—In effect, the Pleven government is asking the U.S. to accept the French thesis that the German warhorse can be harnessed only within a Western European federation. A majority of the French people and their political leaders are convinced that rearming West Germany the U.S. way would invite war with Russia. It would increase friction between West and East Germany, they say; besides, it would cause enough distrust in France, Belgium, and Britain to weaken European cooperation on all fronts.

French policy makers still haven't worked out all the ways they would tie the Schuman Plan high authority to the proposed European defense ministry. They are clear on this much: Both should be responsible to the same West European assembly, which would be elected by the national parliaments of the member countries. Maybe this assembly would be the present Council of Europe that meets at Strasbourg; maybe it would be something else.

• **Metal Pool**—On the economic level, the French have another project, soon to come out: a Western European pool for the metal-using industries. This pool will be patterned after the coal-steel pool. Jean Monnet, author of the Schuman Plan, already is polling the big French machinery manufacturers on this. As Monnet sees it, his new pool is the bridge needed to integrate the Schuman Plan with joint rearmament.

This is the paper skeleton of the integrated Western Europe that the French now want to start building.

It's too soon to tell what it might look like in the flesh. All the French have so far are blueprints they quickly concocted when the Pleven government felt it couldn't buy the U.S. plan for rearming West Germany.

• **Schuman Plan**—However, you can get some idea of French hopes from a look at where the Schuman Plan stands. Assuming West Germany decides to join up, there are only two big outstanding problems: how to fit Belgium's high-cost coal mines into the same free market with West Germany's low-cost mines; and how much power to give the proposed "high authority" as against the Council of Ministers.

Compromises have almost been reached on both these. And the French feel that a little pressure on Bonn by the U.S. would soon produce a relatively free market for coal and steel in Western Europe—a lot freer, at any rate, than the market that now exists.

• **Three Blocs in One**—What the French really are proposing is a Western European economic bloc with the same kind of cohesion that the British Commonwealth has with Scandinavia and the U.S. with Canada. The French claim that their aim is not a bloc that would be neutral between East and West. They want to see the three great blocs integrated.

## U.S. and Canada Join In Economic Blueprint

Last week, the U.S. and Canada put another strong knot in the ties that bind the two countries together. In Washington, Secretary of State Acheson and Canadian Trade Minister C. D. Howe agreed on a blueprint for economic cooperation during the defense buildup.

Here's what the U.S. and Canada have promised to do:

- Institute parallel controls to husband scarce raw materials.
- Consult before setting up any emergency economic controls that might affect the other.

- Coordinate procurement and production of defense equipment.

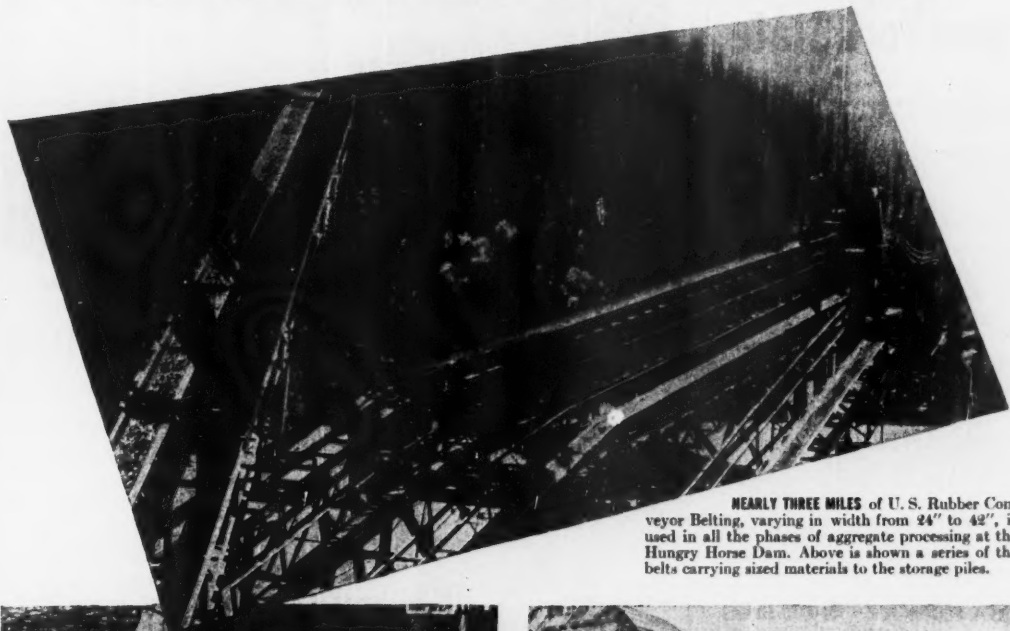
- Cut down any trade barriers that gum the flow of arms and equipment across the border.

- Swap technical skills freely.
- Iron out any foreign exchange problems arising out of the agreement.

One thing the agreement has done already is to give Canadian steel users some peace of mind. Canada has to import 1-million tons of steel yearly from the U.S. Its steel men were worried sick they might be caught short by Washington clamps on steel. Now, they're entitled to priorities from U.S. producers if the steel's for defense.

# HUNGRY HORSE DAM FED BY "U.S." BELTING

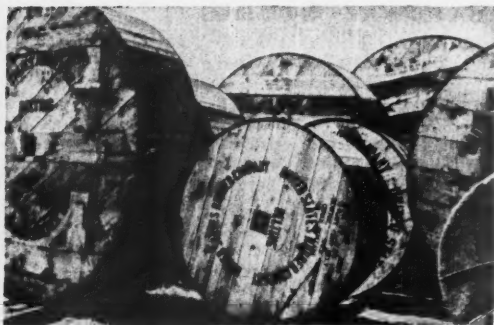
Nearly 6 million tons of sand and gravel will be carried to site of mammoth job in Northwestern Montana—on U. S. Rubber Belting



NEARLY THREE MILES of U. S. Rubber Conveyor Belting, varying in width from 24" to 42", is used in all the phases of aggregate processing at the Hungry Horse Dam. Above is shown a series of the belts carrying sized materials to the storage piles.



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A FEW OF GIANT crates in which belts were shipped give an idea of the tremendous footage of belting—over 15,000 feet—used at Hungry Horse, country's third largest concrete dam when completed. It is being built for the U. S. Bureau of Reclamation.

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### SAFeway STORES INCORPORATED

#### Preferred and Common Stock Dividends

The Board of Directors of Safeway Stores, Incorporated, on October 11, 1950, declared a quarterly and an extra dividend on the Company's \$5 Par Value Common Stock and regular quarterly dividends on the 4% Preferred Stock and 5% Preferred Stock.

The dividend on the Common Stock is at the rate of 60¢ per share. The additional extra dividend is 30¢ per share. Both dividends are payable December 14, 1950 to stockholders of record at the close of business December 4, 1950.

The Dividend on the 4% Preferred Stock is at the rate of \$1.00 per share and on the 5% Preferred Stock at the rate of \$1.25 per share. Both preferred dividends are payable January 1, 1951 to stockholders of record at the close of business December 4, 1950.

MILTON L. SELBY, Secretary.

October 11, 1950.

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"DOCTOR," Daniel W. Bell, gives . . .



"PATIENT," President Quirino, a . . .

## Prescription for the Philippines

U.S. official mission diagnoses the islands' economic ills and comes up with an austere cure: Raise taxes on the wealthy, tax imports, abolish the feudal landlord system, and bring in new industry.

The Philippines is probably one of the most diagnosed countries in the world. But to date nobody has been able to persuade the government in Manila to take any cures.

• **Diagnostics**—Last week the latest group of diagnosticians, headed by Daniel W. Bell, president of the American Security & Trust Co. of Washington, offered its prescription in an official U.S. report. The prescription was the kind that Philippine President Elpidio Quirino would find hard to take. Advance news of what is in the Bell Report brought a bitter protest from Quirino's office earlier in the week.

• **Prescription**—Here's what Bell wants the Quirino government to do:

- Raise tax revenue via higher taxes on the wealthy classes.

- Clamp a 25% emergency tax on most imports.

- Put through a basic land reform, and back it up with a government agricultural extension service.

- Bring small industries into the Philippines, if necessary through an industrial development corporation such as Puerto Rico's (page 142).

If Manila agrees to this program, Bell thinks the U.S. should promise \$250-million in loans and grants over the next five years. A U.S. technical mission, probably from ECA, would supervise the spending of grant money.

- **Tax the Rich**—The tax problem is really critical. The islands have ac-

cumulated a \$460-million deficit since 1945, and the prospect is that another \$191-million will be added in 1951. The report suggests that the \$1.4-billion the U.S. government has put into the Philippines since the war has had little effect—except to enable the Filipinos to go on piling up deficits.

More taxes must be collected right now in order to avoid a really disastrous inflation. These taxes must come from the wealthy classes, who in the Philippines have widened their lead over the poor by a phenomenal margin since the war.

- **In the Red**—The Philippine trade deficit is now so big that it threatens to wipe out the government's gold reserves entirely. Despite U.S. aid, Philippine dollar holdings have shrunk from \$647-million in 1946 to \$260-million at the end of 1949.

The first step to right this situation, the Bell Report says, should be a 25% emergency tax on all imports except rice, corn, flour, fish, canned milk, and fertilizer. This tax might be a violation of the present U.S.-Philippine trade agreement, which bars the Philippines from imposing tariffs on U.S. imports. But Bell's staff thinks the agreement should be revised anyway.

- **Neglected Fields**—In spite of the fact that more than 80% of the Filipinos earn their daily bread off the land, the Philippine government has shown virtually no interest in agricultural improvement. Only a quarter of 1% of

the current national budget is set aside for the government's Dept. of Agriculture & National Resources.

• **Land Reform**—At the bottom of the agricultural situation is the centuries-old land reform problem in the Philippines. "The Philippine farmer," says the report, "is between two grindstones: On top is the landlord, who often exacts an unjust share of the crop . . . beneath is the deplorably low productivity of the land he works."

The report says agricultural productivity must be upped before any satisfactory solution to the feudal landlord system can be found. Recommended are rural banks to lend up to \$5,000 at low rates to tenant farmers—to help them get out of the grip of the landlords. Resettlement of many farmers in the rich and so far uncultivated land in the southern islands, especially Mindanao, is suggested also.

• **New Industry**—The Bell mission advises the Philippine government to give some real thought to the idea of bringing new small industries to the islands. Specifically, the report mentions food-processing plants, textile mills for cheap cloth, building materials capacity, fertilizer plants, rope and cordage manufacturing, small woodworking mills, and an oil refinery to take care of processing imported crude oil into kerosene and cheap motor fuels.

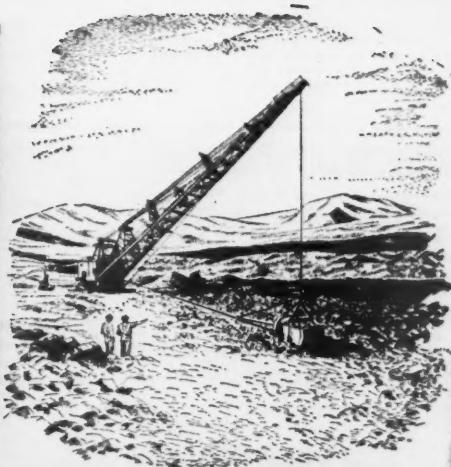
The report also advises the expansion of mineral production with an eye to selling to U.S. strategic material stockpiles.

• **Industrial Spoils System**—The Philippine government's present efforts in the industrial field aren't much to brag about. There are now 24 Philippine government industrial corporations. The mission found these inefficient, chock full of spoil-system appointees, and often corrupt. It recommends that the whole lot be placed under the management of a Philippine Industrial Development Corp. The development corporation would channel capital into new enterprises where private capital feared to tread, sell its holdings to private buyers wherever possible, and above all provide competent nonpolitical direction to the government's industrialization program.

• **Dollar Aid**—Significantly, at the bottom of the mission's list of recommendations is the question of more U.S. aid. The report says bluntly that any further aid must be controlled by the U.S.

The mission recommends the modest figure of \$250-million in loans and grants from the U.S. over the next five years. Mission chief Bell hazards the guess that only 40% of the new aid funds would have to be in the form of grants.

The rest of the aid would go in the form of loans for U.S. equipment.



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# Desocialized

**Puerto Rico's EDA sells four government plants to private firm. Island's legislature offers other new homes for industry.**

**SAN JUAN**—In most countries today government industry is expanding at the expense of private. Not so in Puerto Rico. Here the Economic Development Administration has just sold to a local company the four industrial plants that the government has operated since 1941 (BW—Feb. 7'48, p105).

Ferre Enterprises, a flourishing family firm at Ponce, is paying EDA \$10.5-million for the four plants—cement, pulp and paperboard, glass, and clay products. Of this, \$2-million is in cash. \$6.5-million in instalments over 10 years, and \$2-million in stock. A U.S. group was keen on getting the paperboard plant, but couldn't match the Ferre bid for the lot.

• **No Rosy Prospect**—On the surface at least, it doesn't look as if Ferre Enterprises is getting a prize package. The cement plant is the only one of the four that has been operating at a profit. The paperboard factory has been shut down since the end of last year, when it closed its doors after a lengthy strike. (The contract with EDA provides that this plant must be reopened within 15 months.)

But Ferre Enterprises figures that its new acquisitions will strengthen the industrial empire it already has built up in Puerto Rico (BW—May 29'48, p110). This empire includes the Ponce Cement Co., which has an output of 1-million bags a month and a big market for its product in Venezuela and Florida. In addition, the company runs an iron works and sizable shipping and trucking operations.

• **Logical Step**—Teodoro Moscoso, EDA chief, regards the sale of the government plants as a logical step in his industrial development program. He will use the proceeds to establish new industries and to pay off a \$6.1-million loan from the government's Industrial Development Bank. Moscoso doesn't forget, either, that the sale will silence U.S. and Puerto Rican critics who have complained about the government's being in business as long as it has.

With the Ferre deal in the bag, the Puerto Rican legislature has set aside \$1.5-million for the construction of new plants. Plans already have been approved for the Industrial Development Co. (a wing of EDA) to build 10 small factories at a cost of \$50,000 apiece.

• **Option to Buy**—Like the other plants built by Industrial Development Co.,

these new ones will be rented to Puerto Rican or U.S. firms. A company that leases has the option to buy the property within 10 years after it starts operations. New firms also can qualify for the 12-year tax holiday that Puerto Rico inaugurated in 1947 to attract new industry to the island.

A number of U.S. companies, including Textron and Beacon Mfg. Co. (blankets), have gone into business in Puerto Rico in the past two years. A newcomer is the Univis Lens Co., Dayton, Ohio, which will take over a new plant at Guayama early next year. Univis is expecting a call for precision instruments for the defense program, hence has to boost its facilities for producing bifocal and trifocal lenses.

## BUSINESS ABROAD BRIEFS

The city fathers of Piqua, Ohio, have a suit on their hands. A Swiss firm—Brown Boveri Corp., Ltd.—is trying to force them to accept a bid for generating equipment for the municipal light plant. The Swiss claim their bid was low by \$83,000, but a U.S. company got the job anyway.

World Bank loans topped the \$1-billion mark this week. The top: a \$25-million railway, harbor, and irrigation development loan to Thailand.

West Germany and Egypt have struck a deal: A German trust will supply Egypt with 10 electric generating plants; in return, the Germans will get Egyptian rice.

Pepsi-Cola has gotten the green light from the Brazilian government to set up a bottling plant in Brazil. Pepsi has a brand-new, wholly owned subsidiary—Pepsi-Cola do Brasil, S.A.—with an initial capitalization of \$50,000.

World shipbuilding hit a new postwar high during the quarter ending Sept. 30. Lloyd's reports 4.8-million tons under construction, 300,000 tons above the June 30 mark. Britain showed the biggest upturn (109,000 tons); the U.S. came up with the biggest decline (65,000 tons).

U.S.-Canadian trade ought to hit a high of nearly \$4-billion this year—on the basis of September export-import figures from Ottawa. That would mean a 17% jump over 1949.

Colombia is exporting cement for the first time—the U.S. is buying heavily (BW—Oct. 7 '50, p. 134). A Barranquilla firm—Cementos del Caribe—hopes to ship 100,000 sacks a month to U.S. Gulf ports.

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## The Pound Did the Unexpected

Pleasant events command a premium in a darkly troubled world. One example today in a time of profound political and economic problems is the improved position of the British pound.

We all recall that the British foreign-exchange situation was shaky from 1945 on. It finally reached crisis proportions during the late summer of 1949.

So, a little more than a year ago, the pound was drastically devalued. The exchange rate was slashed from \$4.03 to \$2.80. Almost everybody figured it would help Britain for awhile. But there were grave doubts that the emergency action was anything but a temporary aid. Many politicians and economic experts felt that the British money problem wouldn't stay licked very long and wondered when further devaluation would be necessary.

Those gloomy prophecies made last year have not come true. Lloyd's Bank Review put it most conservatively when it said that devaluation "has caused less disturbance than they feared and brought in more dollars than they dared to hope." Today London's gold reserves are close to \$3-billion, more than double what they were just before devaluation in September, 1949. Why? What happened?

### A Welcome Change

The change came about through a combination of factors—including the unexpected Korean war. There was very little shift in Britain itself—prices and wage rates stayed where they were, employment continued high, nobody retrenched or inflated seriously. But production did pick up. And Britain's sensitivity to world movements brought about the rest.

The United States was involved deeply in all this. Marshall Plan aid gave Britain strength enough to stand what might otherwise have been an almost fatal operation. Devaluation raised American prices to the British and the sterling area by 44%, and had a similar effect on other countries that followed Britain's lead. This discouraged sterling-area buying here. It sent the world to British markets for goods that had soared out of sight in American markets previously supplying them. The Korean war exaggerated this.

American buying of primary materials for stockpiling shot a spurt of new money into sterling countries. The Korean war accentuated this, too.

Coming after the operation, this political-economic-military stimulant was just what the patient needed. Britain shows strength enough to begin to stir within her bandages. The lumpy sterling balances have moved about within the sterling area so that Australia now is said to hold the place of largest creditor that India held at the war's end. The whole English-speaking world of which we are a part has felt a surge of fresh energy.

Two sour notes sound. The first comes in the form of

warnings by critics of the Labor government that controls within the country are still so rigid that continued good health when the new boom recedes is not entirely sure. The second rises in certain American quarters that want to pull the rug out from under the recovering patient on the ground that Britain's business is competitive with ours.

The rigidities must be left to take care of themselves as Britain improves to the point where she can begin to take splints out and bandages off. As for the competition, anyone who really believes in free enterprise must say "More power to it." British and American industry have been competitive for a couple of hundred years, and we hope they always will be.

## Eisenhower's Newest Move

Watchers for political omens should keep an eye on Gen. Eisenhower's new American Assembly. Its purpose is to examine from all sides the nation's big question marks. Its method is to bring together representatives of business, labor, the professions, government, and theory (in the form of professors from Columbia University and its graduate School of Business).

The general feels that one of the plan's most important elements is the contact between men-who-do with men-who-think-about-doing. For the public, the important thing is that the general has such confidence in it. Military minds are not, by and large, famous for the consideration they give to conflicting opinions. That at this moment, when military affairs loom so large, the most famous general of World War II should express faith in the meeting of minds rather than in the commanding of them speaks well for the general and for the vitality of the democratic idea.

The conference method operates on all levels of American life, and between levels. Everybody uses it, almost everybody complains about it. Several academic centers have recently begun to bring psychological techniques to bear on it in an attempt to find out what makes a conference tick or go sour. Presumably, Gen. Eisenhower plans to take full advantage of this new approach.

If the American Assembly is to accomplish its high ends, to avoid gobbledegook, meeting-itis, and the cramps of the casual, it must be administered not only with courage and imagination. The most modern skills also must be brought to bear on its methods. Contacts alone will not do the trick. "Mr. Big, meet Prof. Big" is likely to result only in mutual boredom.

It will take time. It will also require the ability to probe through surface protections and surface prejudices to the point where minds really meet and grapple with a common problem. Perhaps that was what the general had in mind when he told the press that "The practice of democracy demands individual sacrifices."



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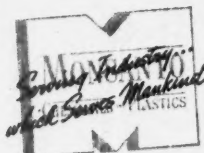
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## MANY INDUSTRIES PROFIT THIS WAY

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## PROGRESS ON PAPER

For centuries, the progress of the world has been recorded on paper. It is a history of achievement in all the arts, including the making of paper itself. These achievements in paper cover an unbelievable range of paper products—from thinnest tissues to the heaviest boards, from wrapping paper to writing paper, from newsprint to vellum. In many phases of production, paper makers rely heavily on chemistry for help. They get it from Monsanto.



### pitch control

Pitch has long been a bugaboo of paper mills. If uncontrolled, it gums up machines, holds up production, often spots up a finished sheet of paper.

A single Monsanto product—Mertanol\*—minimizes all these troubles. It is a dispersing agent—prevents massing of pitch particles—permits fine particles of resin to come out in the finished paper without any lowering of quality. Mertanol is easy to handle—can be piped wherever needed—goes to work immediately.



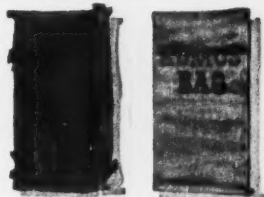
### sizing . . . coating

A lot of paper must resist moisture absorption—ledger sheets, checks, paper cups, Kraft bags. Here, another Monsanto chemical—Mersize\* CD-2, engine sizing agent—provides greatly increased surface resistance to ink, water, and water solutions. It acts as a "booster" and stabilizer; is economical, easy to handle, nonfoaming . . . Mertone\* WB-2 is a precoat for blueprint and other reproduction papers; assures clearer, more legible prints.



### absorption

Some paper stock must be treated so that it is very absorbent when in use. Paper toweling is a prime example. Here, Monsanto's Sterox\* CD finds wide application. It is a rewetter. When incorporated in paper, it makes the finished product "drink up" water rapidly and thoroughly—makes it more effective in use.



### rot resistance

Paper can be protected against rot with solutions of Monsanto Milmer\* 1. Its preservative qualities are especially valuable where paper bags and wrappings are used for protection—in storage and in packing for export shipment . . . Other Monsanto chemicals for the paper industry: Santobrite\* for slime and algae control; Santosite\* for semichemical pulping of straw and wood.

### more information

Paper makers may find it profitable to learn more about Monsanto chemicals that apply from pulping to finished stock. Mail the coupon, or write Monsanto Chemical Company, 1724 South Second Street, St. Louis 4, Missouri. In Canada: Monsanto (Canada) Limited, Montreal and Vancouver.

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## INFORMATION FOR PAPER MANUFACTURERS

Listed below are a few Monsanto chemicals of special interest to paper manufacturers. Check those on which you would like more information—then return the coupon. If you wish special information, please write.

- ☐ Mertanol, for pitch control . . . ☐ Mersize CD-2, engine sizing agent . . .  
☐ Mertone WB-2, precoat for reproduction papers . . . ☐ Sterox CD, rewetter . . .  
☐ Sterox DNK, for de-inking newspaper stock . . . ☐ Milmer 1, for rot resistance . . .  
☐ Santobrite, for slime and algae control . . . ☐ Santosite, for semichemical pulping . . . ☐ AROCLORES, for paper specialty applications . . .  
☐ Lacquers, for specialty papers . . . ☐ Plasticizers, for paper specialties . . .  
☐ Resinane\* melamine-formaldehyde resins, for paper lamination.

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